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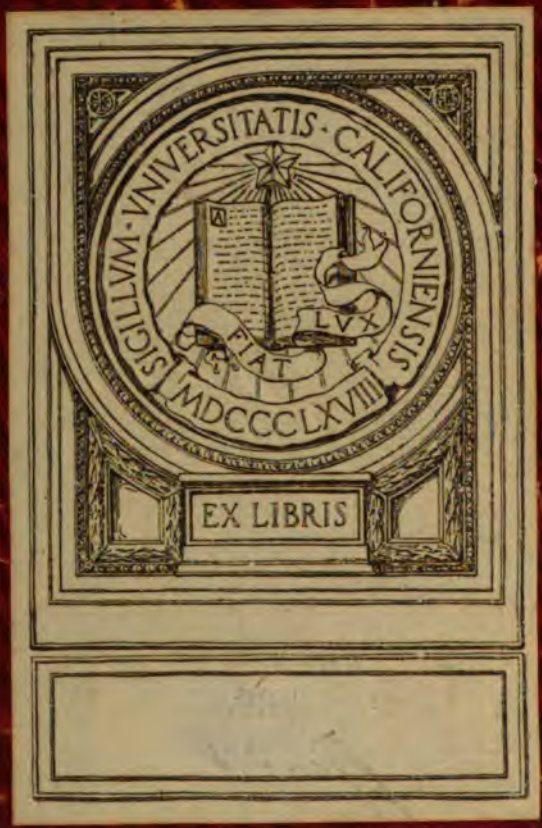
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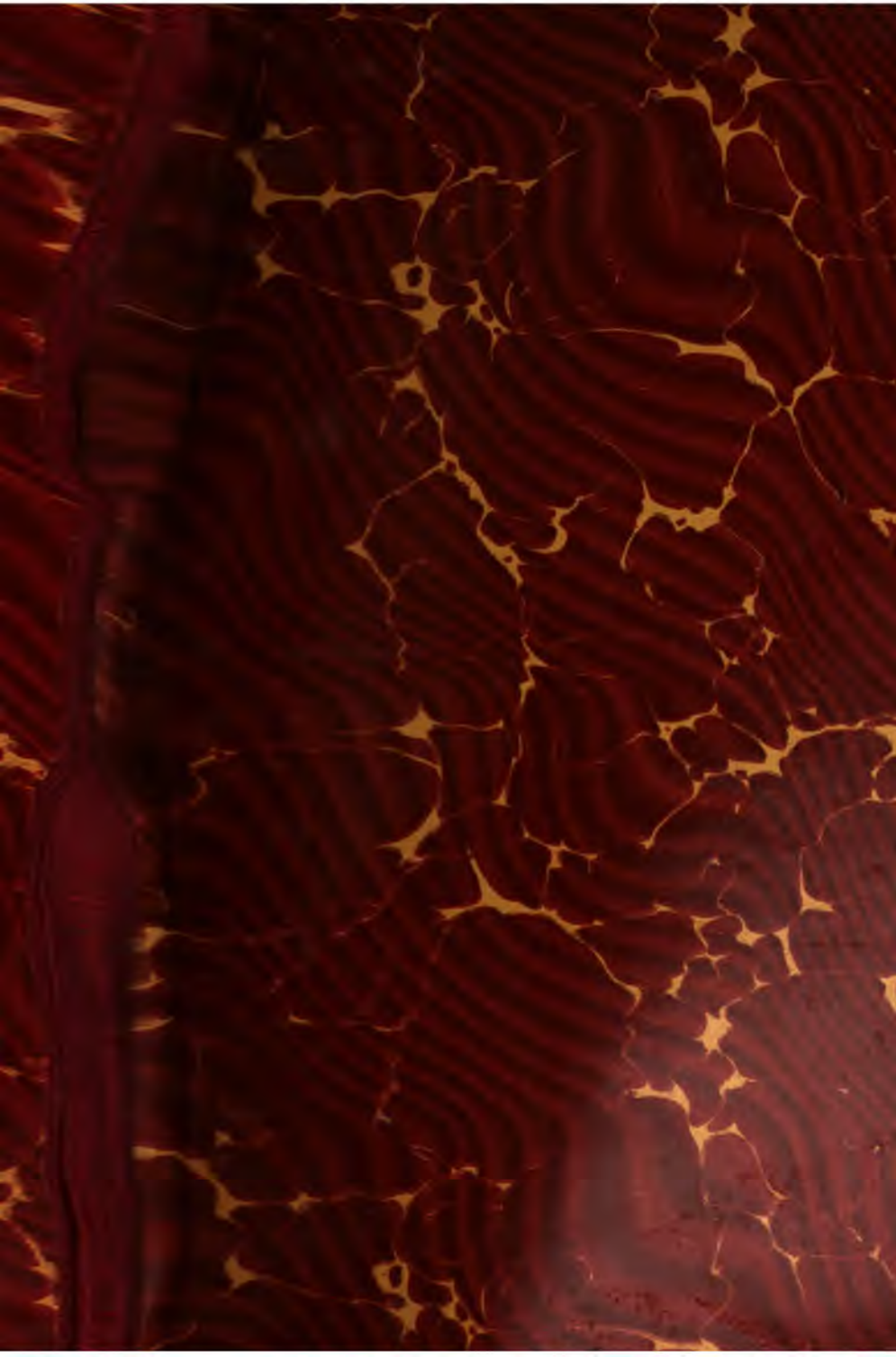

MODERN GERMANY

MODERN GERMANY

Her Political and Economic Problems, Her Policy, Her Ambitions, and the Causes of her Success

BY

O. ELTZBACHER

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MODERN GERMANY

CHAPTER I

INTRODUCTION—THE FUNCTIONS OF THE STATE IN ENGLAND AND IN GERMANY

SINCE her creation in 1871, Modern Germany (Prusso-Germany) has become a factor of constantly increasing importance in the world's politics, industry, and commerce. Formerly Germany was a humble admirer and modest imitator of everything English. In political and economic methods she was England's follower. Now, Germany has become a formidable competitor to this country, and her importance and strength are constantly and rapidly increasing from year to year.

Two or three decades ago, Great Britain's political position in the world was unchallenged, and seemed to be unchallengeable, by Germany. England possessed almost the world's monopoly in the manufacturing industries, in engineering, in commerce, in banking, and in the shipping trade. Now, our formerly undisputed, and then apparently indisputable, paramountcy in manufacturing and in the various branches of trade has disappeared, owing to the stress and success of Germany's competition. The Germans, although they are a nation and a race of landsmen, and although they possess practically no harbours

and no maritime and colonial experience, even try to wrest from this country its patrimony, its paramount position on the ocean and the rule of the sea, which seems to be the peculiar gift of Nature to these islands. Germany appears to threaten even our position as a colonial and as a world power, and has tried to oppose the unification of the British Empire. Will Germany be as successful against this country in matters political as she has been in trade and industry?

The fact that Great Britain has, politically and economically, lost much ground to Germany cannot be denied, and Germany's success in nearly all fields where she has chosen to compete with this country seems all the more astonishing if we bear in mind that her natural resources in men and matter are much inferior to those possessed by this country.

Germany's geographical position and physical configuration and structure, her climate, her agricultural soil, and her mineral wealth are greatly inferior to those possessed by Great Britain. Germany is naturally a poor country, and her natural poverty has been accentuated by numerous wars and invasions which have frequently devastated her territories. Until lately, she had but little accumulated wealth, and she was almost exclusively an agricultural State. She has only inferior coal, she does not possess any colonies worthy of the name, and until a few years ago she had hardly any experience in manufacturing, commerce, shipping, and finance.

The aristocratic form of her government and the survival of feudal institutions, feudal privileges, and of many mediæval prejudices oppose and stifle, to some extent, even at the present day, personal ambition and individual effort in Germany.

Germany is pre-eminently a military nation. She is greatly hampered by universal and compulsory military service, and the military spirit prevails to such an extent that, until a few years ago, trade and every form of making money was looked down upon with undisguised contempt by her upper classes. Bankers and merchants used to be the pariahs of society, and they are even now not treated as the equals of military officers, university professors, and professional men.

Evidently Germany is very heavily handicapped by nature and by her history, by traditions and by her customs; yet, notwithstanding all these natural and artificial disadvantages and obstacles, which greatly hamper her in the race for success, and especially in the race for economic success, Germany, who but three decades ago was a poor and backward country, has become Great Britain's greatest and most dangerous rival on sea and land the world over. Will she eventually succeed in driving Great Britain to the wall by force of will and by the force of arms, or by patient application, industry, and study?

Many thoughtful and patriotic Englishmen view with uneasiness, if not with alarm, Germany's rapid progress and her equally rapid and sometimes threatening encroachments upon what had been, until lately, considered to be Great Britain's political and economic preserves. Will Germany eventually supplant Great Britain, and take our place in the world? What is Germany's policy towards this country, towards the United States, towards Austria-Hungary, and towards Russia? What are Germany's aims, what are her ambitions, and, above all, what are the causes of her marvellous success?

These are questions which are frequently heard,

and they are, perhaps, the most urgent questions of the time. These are questions which should occupy all those who have the welfare, the greatness, the happiness, the traditions, and the prosperity of this country truly at heart, and the following pages have been written with the object of supplying an answer to these most important questions.

If we look for the ultimate causes of Germany's marvellous success, it will become clear that Germany is no longer a more or less mechanical imitator of this country. On the contrary, German policy, even where it imitates this country in matter, differs completely from it in manner, for German policy is guided by principles of government which are diametrically opposed to the fundamental principles of British state-craft.

The conception of the position of the State and of its duties towards the citizens is totally different in the two countries. Hence it comes that the authority of the State and the functions of the State in Germany and in Great Britain are quite dissimilar, and Germany's different conception of the functions of the State seems to be one of the chief causes, if not the principal cause, of her success.

The watchword of all British Governments is Individualism, Non-interference, and Free Trade—that is to say, free exchange. The governmental policy of Great Britain is the policy of *laissez-faire*. Our policy of *laissez-faire* is based on custom, and it has been recommended as the best policy by the most distinguished British statesmen, philosophers, and political economists of modern times. That policy is considered the natural and the only possible policy for this country, for Englishmen are constitutionally impatient of, one might almost say hostile

to, governmental interference, and even to the justified assertion of governmental authority. Bagehot truly remarked: "We look on State action not as our own action, but as alien action, as an imposed tyranny from without, not as the consummated result of our own organised wishes. . . . The natural impulse of the English people is to resist authority."

In Great Britain, both the State and the local authorities are meant to be, and are made to be, subservient to society. State and local communities are, on the whole, deliberately subordinated to the will of the individual, whose rights and privileges are jealously guarded against every form of official interference and coercion; and if private rights and national rights happen to come into collision, private rights are apt to prove the stronger. In Great Britain the nation has to give way before the individual, and the individual can tyrannise the nation if he is strong and rich enough and cares to do so, as may be seen by the action of our shipping rings, railway companies, &c., whilst the nation cannot treat the individual unjustly. Private rights are well defined, national rights are not so defined.

In Germany, on the other hand, the will of the individual is deliberately subordinated to the will of the State and to that of the local authorities, which exercise a somewhat absolutistic rule. The nation is disciplined and taught obedience as its first duty, and it is considered the first duty of the State and of the local authorities to maintain order. Conscientious resistance, active resistance, passive resistance, open resistance, and resistance by evasion, by subterfuge, or by the skilful abuse of the law, are practically unknown in Germany. In Germany, State and nation and State and society are practically one.

Therefore, the State and the nation act in matters political and economical like one man. The individual has to give way to the State, which represents all individuals, and, in the absence of organised and powerful opposition and obstruction, progress in Germany is comparatively easily and rapidly achieved.

In Great Britain, national and local authorities rule and legislate with a show of power, but in reality they rule and legislate merely on the sufferance of society. National and local authorities have to obey the will, and even the whim, of a majority of voters or supporters, and in consequence of that permanent dependence on that volatile factor, Public Opinion, they do not lead, but are led by society, as represented or misrepresented by public opinion. This is the reason that our national and local authorities possess no initiative, that they always wait to be pushed, that they originate little, and that they are satisfied to exist to maintain order, to administer in accordance with precedent, to perpetuate, to preserve.

As a result of the predominance of society over the State in this country, the strongest conservative influence in Great Britain, and the strongest opposition to progress unfortunately also, lies in our administration, which is hostile to all change, and therefore to all progress. Owing to their lack of authority, national and local "authorities" in this country administer mechanically, soullessly, impersonally, but do not lead—they reign, but do not govern. After having destroyed the power of the Crown, we have crippled the power of the national executive and administration as well; and we have substituted party government, caucus government, mass government, carried on by endless unbeautiful disputes for power, miscalled discussion, for truly national govern-

ment. Great Britain has many heads but no head, many wills but no will, many minds but no mind. Great Britain is a nation divided against itself. Great Britain is a kingdom in name, but it is in reality a republic presided over and directed by the vague and uncertain moods and fancies of ill-informed masses, personified under the name of "The Man in the Street." Even republics proper, which are composed of individual and very independent States, such as the United States and Switzerland, possess a more national government, a more national administration and a more national organisation, than does Great Britain.

In Germany, national and local authorities consider it their duty to lead, to initiate, to sow, to plant, to foster, to support, to regulate, to instruct. The governing individuals of Germany are not distinguished and irresponsible amateurs, without administrative training, supported merely by a section of the nation, a party; but they are, as a rule, distinguished and fully responsible experts in administration, who, owing to their qualifications for the office which they occupy, are supported by the whole nation. Therefore, they can speak and act in the name of the nation, and their every action is not condemned on principle by "His Majesty's Opposition," as anti-national, unconstitutional, dangerous, foolish, &c.

The German nation and the German communities look to their national and local governors and administrators for guidance, for enlightenment, for initiative, for encouragement, and for protection. Evidently the State has a totally different position and totally different functions in the body politic of Germany than it has in that of Great Britain, and

the conception of the duties of the State towards the citizens, and of the local authorities towards the citizens, is quite another one in Germany than it is in this country.

In Great Britain, nearly all progress and nearly all great reforms have been initiated by far-sighted but irresponsible amateurs, who have had to fight against the inertia, the indifference, the ill-will, and the opposition of the governing individuals, official and unofficial. In Germany, nearly all progress and nearly all great reforms are due to the initiative of distinguished and enlightened officials, who only too often had to fight against the inertia, the indifference, the ill-will, and the opposition of almost the whole nation. If Germany had followed the policy of *laissez-faire*, if the German Government had been subordinated to "the will of the people," and if it had always waited for the lead of "The Man in the Street," the German nation would still be a medley of peasants, university professors, philosophers, and soldiers. Germany would not have become a nation, but she would still be divided against herself in hundreds of petty principalities, and Voltaire's word, "England rules the sea, France the land, Germany the clouds," would now be as true as it was when it was coined.

Unintelligent Government interference by incapable or selfish administrators, who abused or ill-used their position, to which they were not entitled, and for which they were not qualified, proved so disastrous to this country at the time when Great Britain was cursed with class rule, that nearly all governmental interference is now opposed and condemned in advance as certain to prove a costly failure. On the other hand, a higher conception of

the duties and scope of the State and intelligent governmentalism, governmental initiative, State-organised national effort and State-organised national co-operation, which sprang from that higher conception of the functions of the State, have made Germany united, powerful, wealthy, and successful, and have rapidly converted a backward and conservative military peasant State into a progressive modern industrial nation.

Individualism is the strength, but it is at the same time the weakness, of this country. Individualism is an excellent medicine, but it is no panacea, and it must be taken only in moderate doses. Exaggerated individualism is harmful. Too much liberty and too much individualism have destroyed the greatness of the Netherlands, and have completely destroyed the ancient republic of Poland. Individual isolated effort has made this country great and prosperous in the past, but individualism may not prove equally effective in the future. Individualism has made Great Britain wonderfully successful at a time when other countries were greatly inferior to Great Britain in organisation, and when, besides, they were politically disunited. When other States had not yet become nations, and were constantly at war, British individualism had an immense chance and an immense scope, for then intelligent and enterprising British individuals were pitted against less intelligent foreign individuals, but not against foreign States.

At the present time, when other nations are no longer divided against themselves, as was Germany of old, but have become homogeneous, unified, nations in fact and nations in organisation, and when the most progressive nations have become gigantic institu-

tions for self-improvement and gigantic business concerns on co-operative principles, the spasmodic individual efforts of patriotic and energetic Englishmen and their unorganised individual action prove less effective for the good of their country than they were formerly. The most determined and even the most heroic individual efforts of the ablest and strongest individual Englishmen are altogether futile, if they are directed against the serried ranks of highly-organised foreign nations, even if these are composed of men who, individually, are in every respect greatly inferior to Englishmen.

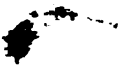
Class government has proved a failure in England, and party government, as at present carried on, is proving a failure, because the enormous forces of opposition and of obstruction act as an effective check to rapid and even to adequate political and economic progress. Chiefly owing to indiscriminate, determined, and somewhat unscrupulous party opposition, progress in Great Britain is so slow that this country is every year falling farther behind in the race. At a snail's pace we try to catch up a horse. Hence, it seems that both class government and party government, as at present constituted, have had their day, and that the time has come for national government, national organisation, national co-operation, and for the management of national and local affairs not by irresponsible amateurs and party men, who represent the vague instincts of the likewise irresponsible "Man in the Street," but by practical, experienced, and distinguished business men, who are willing to lead, to direct, and to govern in a manner worthy of this country.

Governmentalism and individualism may be combined, and that nation which succeeds best in com-

bining these two enormous forces will prove the most successful in the race. Japan's marvellous success in peace and in war is chiefly, if not entirely, due to the successful blending of a highly-organised governmentalism and of an equally highly developed individualism; and if this country is able to link those mighty forces together, Great Britain at the head of the British Empire will again obtain the leading position in the world, which, by her geographical position, her latent resources, and her opportunities, is her due.

Germany has been successful, but she is not so successful as she might have been because individualism is repressed. The individual German is not given enough scope. Besides, Germany is in some respects not well governed, and the ill result of partial misgovernment and of the rash repression of individualism may be seen in the phenomenon of the Social Democratic Party and in Germany's failure as a colonising power. *Est modus in rebus.*

Part of the contents of this book has appeared in the form of articles in the *Nineteenth Century and After*, *The Contemporary Review*, and the *Fortnightly Review*. Their editors, Sir James Knowles, Mr. Percy William Bunting, and Mr. W. L. Courtney have kindly allowed me to draw freely on these articles, and I have availed myself of their permission, for which I herewith thank them.



CHAPTER II

THE EXPANSION OF GERMANY AND THE PROBLEM OF AUSTRIA-HUNGARY

DURING the last few decades, the population of Germany has been increasing with marvellous and unprecedented rapidity. From 1870 to the year 1905, it has grown from 40,818,000 people to more than 60,000,000 people, and has therefore increased by exactly 50 per cent. During the same period, our own population has increased from 31,817,000 people to 43,000,000 people, or by but 32 per cent. No nation in the world, excepting those oversea, which yearly receive a huge number of immigrants from abroad, multiplies more rapidly than does the German nation, as may be seen from the following figures :—

AVERAGE YEARLY INCREASE OF POPULATION BETWEEN THE LAST AND THE PREVIOUS CENTURIES

Germany . .	+15,000	inhabitants	per million	of inhabitants
Russia . . .	+13,600	,,	,,	,,
Holland . .	+12,300	,,	,,	,,
Switzerland .	+10,400	,,	,,	,,
Belgium . .	+10,100	,,	,,	,,
Great Britain	+9,400	,,	,,	,,
Austria-Hungary	+9,300	,,	,,	,,
Spain . . .	+8,800	,,	,,	,,
Italy . . .	+6,900	,,	,,	,,
France . . .	+1,700	,,	,,	,,

From the foregoing table, it appears that not only the population of Germany, but that of all the chiefly

Germanic nations increases very much faster than that of other nations, Russia excepted. However, Russia cannot fairly be compared with Germany, partly because her population statistics are not reliable, partly because the growth of her population is to some extent due to conquest.

Whilst the increase of the population per million of inhabitants among many other nations is rapidly becoming smaller and smaller, a fact which is so well known that it need hardly be substantiated by statistics, the population of Germany has, during the last few decades, been growing with constantly increasing rapidity, and the present rate of increase is absolutely unprecedented in that country. Between 1820 and 1885, the average yearly increase of the population of Germany was only 8,900 per million of inhabitants; but the average increase amounted to 10,700 per million per annum between 1885 and 1890, to 11,200 per million per annum between 1890 and 1895, and to the record figure of 15,000 per million per annum between 1895 and 1900. At present, when other nations are comparatively but slowly expanding, the 60,000,000 in Germany are adding yearly more than 900,000 to their numbers, whilst Great Britain adds less than 500,000 to her population. As, at the same time, the 30,000,000 Germans who live outside of Germany are increasing with similar rapidity, the 90,000,000 Germans appear to be multiplying even faster than the 81,000,000 inhabitants of the United States, notwithstanding the fact that these receive, on an average, more than 500,000 emigrants per annum.

Therefore the proud boast of the Pan-Germans, that it is the destiny of the Germans in Germany and in Greater Germany to rule the world, would

appear to be correct, were it not for a singular phenomenon which, so far, has remained almost unobserved. Whilst the 60,000,000 Germans in Germany are increasing with astonishing rapidity, the 30,000,000 Germans who live in Austria-Hungary and in other countries are so rapidly losing all German characteristics and even the German language, that it seems possible that forty or fifty years hence the number of Germans outside Germany proper will be almost *nil*. The rapid disappearance of the 30,000,000 Germans in Greater Germany is so extraordinary a process, and it is so important a factor in Germany's foreign policy, that it is worth while to look somewhat closely into the position of the Germans in all countries outside Germany.

Since the time when Tacitus wrote, the Germans have always been one of the most prolific races, if not the most prolific race, in Europe, and they would, no doubt, have obtained the dominion of the world by sheer weight of numbers had it not been for two racial peculiarities. In the first place, the German tribes and nations have never been unified, but have always been fighting and exterminating one another from prehistoric times through the Middle Ages and the Thirty Years' War up to the Austro-Prussian War of 1866. In the second place, the Germans who have settled among foreign nations have, even if they came as conquerors, easily given up their national characteristics and their language, and have allowed themselves to be submerged and assimilated by other races. The Franks, who went to Northern France, became French; the Longobardi, who conquered Italy and who ruled the North of Italy for centuries, became Italian, and only a few names, such as Lombardy, remind one of the ancient rule of the dreaded "Long-

beards." The Goths in France and in Spain, and the Varagi and Goths in Russia have similarly disappeared, and only a few names here and there remind one of the hosts of German conquerors who were swallowed up by those countries as the Pharaoh's hosts were swallowed up by the Red Sea.

It seems to be a law of Nature, and may be considered an axiom, that the Germans increase only in countries where none but Germans live. If Germans have to live side by side with men of another nationality, they are easily absorbed and soon lose their language unless a vigorous German Government upholds Germanism by force and counteracts the natural tendency of Germans to sink their nationality by forcibly Germanising those who, otherwise, would denationalise the Germans.

The 90,000,000 Germans who live in Germany and in Greater Germany are distributed as follows, over the globe :—

Germany	60,000,000
Austria-Hungary	11,550,000
Switzerland	2,320,000
Russia	2,000,000
Various European countries	1,130,000
Total in Europe	77,000,000
United States and Canada	11,500,000
Central South America	600,000
Asia, Africa, Australia	400,000
Grand Total	89,500,000

In Austria-Hungary the Germans not only rapidly increased in numbers, but they increased proportionately more rapidly than did the other nations which dwell in that country as long as they were politically

predominant, and were able to Germanise the other races with which they share the land. However, since a few years, the Germans have lost their proud position in the Dual Monarchy. Czechs, Poles, and Magyars have begun to assert their national claims. They have rebelled against being treated as an inferior race by the Germans, and since then the Germans have been losing ground in Austria-Hungary with startling rapidity.

In the Austrian half of the monarchy, where four-fifths of the Austrian-Germans are found, there lived 8,461,580 Germans, according to the census of 1890. At the census of 1900, 9,170,939 Germans were counted in that country. At first sight, the increase in the German population of 8,380 per million per annum, which compares with 15,000 per million per annum in Germany, may appear not unsatisfactory; but when we look more closely into the population statistics of Austria we find that that increase is insufficient, for the Austrians of non-German nationality have increased much faster than have the Germans. During the last decade the Austrian Poles increased by 14,520 per million, the Austrian Ruthenians by 10,450 per million, the Austrian Czechs by 8,820 per million, whilst the Austrian Germans increased only by 8,380 per million, or slowest of all. Therefore it comes that, in 1880, 36.75 per cent. of the Austrians were Germans, that in 1890 the proportion of Germans had shrunk to 36.04 per cent. of the total population, whilst in 1900 the proportion of Germans had further fallen to 35.78 per cent. This decrease is perhaps not very great, but it is only the beginning of an enormous shrinkage which has commenced to set in, as will readily be seen if we examine the position of the 6,000,000 Germans who live in

those parts of Austria where they come into contact with other nationalities.

In the Middle Ages, Bohemia was colonised by Germans, and it was Germanised by force; but when the Hussites rose in rebellion, more from political and national than from religious motives, the progress of Germanisation was interrupted, but in course of time it was resumed. At present, Bohemia possesses a prominently German and a prominently Czech sphere. About 37.27 per cent. of the whole population are Germans, and about 62.67 per cent. are Slav. The Germans live chiefly in the north of Bohemia, and form a fringe along the Austro-German frontier. The Czechs sit in the middle and in the east of Bohemia.

Prague, the capital of Bohemia, which is situated in the central part of the country and in the Czech sphere, used to be a German town, and its celebrated university was, until 1882, a purely German institution. But since then, and especially during the last ten or fifteen years, Prague has become almost completely Czech. In 1890 there were still 16 per cent. of German-speaking people in Prague. In 1900 only 10 per cent. of German-speaking people were left in that town, and the celebrated German university has been swamped by the Czechs. Although the number of Czech and German professors and lecturers is equally great, there are about 3000 Czech students as compared with only about 1000 German students, and the number of the Germans remains stagnant, whilst that of the Czech students is rapidly increasing.

The Czechs, who have seen their nationality and their language suppressed for centuries, and who for centuries have been treated as an inferior race

by the Germans, and have been treated with injustice, work with passionate energy and with the zeal of revenge to reconquer Bohemia from the Germans, and to make it again an independent nation, free from German control. The Germans offer only a feeble, passive, and futile resistance to the determined onslaught of their opponents. The Czechs in the towns of mixed nationality not only refuse to learn German, but disdain to speak it even if they know the language. In fact, it is dangerous for a German to enter a Czech restaurant and to speak German in it, for he will expose himself to suffering bodily violence at the hands of the fanatic and easily infuriated Czechs, to whom the sight of a German and the sound of the German language appears as an insult.

Whilst the Czechs are determined to remain Czechs, and refuse to learn and to speak German, the Germans in Bohemia are sending their children in rapidly increasing numbers into the Czech schools, and have thus capitulated to the Czechs. Therefore it comes that, although 37.3 per cent. of the total population of Bohemia are Germans, only 33.8 per cent. of the school children are described as German-speaking; consequently, it seems that, at present, at least one-tenth of the German children throughout Bohemia are being converted into Czechs. In the German school district of Bohemia 332,118 children were described as speaking only German, 30,320 children, or as much as one-ninth, as speaking Czech and German, and 14,203, or one twenty-fourth, as speaking only Czech. On the other hand, in the Czech school districts, 597,149 children were described as speaking only Czech, 10,743, or but one-fiftieth, as speaking Czech and German, and 2603, or only

one in two hundred and twenty-nine, as speaking only German. In other words, of the children in the German schools about one out of eight speak Czech, whilst of the children in the Czech schools, hardly one in forty-five children speaks German.

In Prague the migration of the German children to the Czech camp is still more pronounced than it is for the whole of Bohemia. In the German school district in Prague there were, according to the last statistics, but 1432 German-speaking children, whilst the vast majority, namely 3480 children, spoke both languages, and 323 children spoke Czech only. But in the Czech school district of the capital the German language is almost unknown, for there 16,644 children speak Czech, 163, or less than one child in a hundred, speak both languages, and one solitary child is described as speaking German only. Here we have an astonishing contrast between the Czech and the German attitude. Almost three-quarters of the children in the German school districts speak Czech, whilst not one hundred of the children in the Czech school district speak German. The German language, after having been the medium for centuries, is rapidly and completely disappearing in Bohemia, and is being replaced by Czech.

From the foregoing it appears that the Germans in Bohemia, and especially in Prague, lead their children by the thousand into the camp of the Czechs. In a few years Prague will have become completely Czech, and by the time that the children who at present go to school have grown up, German will probably be as little spoken in Bohemia as it is now spoken in Hungary. In 1900 there were 2,337,013 Germans in Bohemia, and their number has increased

by 8420 per million per annum since 1890, largely owing to the industrial expansion in that country. But if the political power of the Czechs should be strengthened—and all indications point in that direction—the German parts of Bohemia would as rapidly lose their German character and the German language as Prague has lost its German character and language.

In Moravia, where 27.1 per cent. of the population are Germans, and 71.36 per cent. of the people are Slavs, chiefly Czech, similar conditions prevail. In Brünn, the largest town of Moravia, the proportion of Germans has shrunk from 69 per cent. in 1890 to 64 per cent. in 1900; but although the Germans are still in a great majority in that town, only 4880 children are described as speaking German, whilst no less than 8807 children, or almost two-thirds of the total, are stated to be speaking Czech, or Czech and German. How retrogressive the German element is in Moravia may be seen from the fact that the German population of that country comprised 29.4 per cent. of the population in 1890, but only 27.9 per cent. in 1900. When the thousands of German children who now learn Czech at the schools have become men and women, Moravia will probably contain only traces of the German population.

In Austrian Silesia the Germans have to share the land with both Czechs and Poles, and numerically the Germans are by far the strongest element. Nevertheless, they have rapidly lost ground during the last decade. In 1890, 47.8 per cent. of the inhabitants of Austrian Silesia were Germans, 30.2 per cent. were Poles, and 22 per cent. were Czechs. In 1900 only 44.7 per cent. of the population were Germans, 33.3

per cent. were Poles, and 22 per cent. were Czechs. The ground which the Germans lost in Silesia was gained by the Poles, and here, as in Bohemia and Moravia, the German children are sent to schools where they learn Czech or Polish. Therefore we find that, although 44.7 per cent. of the total population of Austrian Silesia were Germans, only 38 per cent. of the children were described as speaking German. Apparently one-sixth of the German children are going to Czech and Polish schools, where they are rapidly being converted into Czechs and Poles.

In Galicia 200,000 Germans live among 4,000,000 Poles and 3,000,000 Ruthenians, and the Germans are rapidly disappearing. The German population of Galicia has declined from 227,600 in 1890 to 211,752 in 1900, and the proportion of Germans to non-Germans in the country has, during the same time, fallen from 3.46 per cent. to but 2.91 per cent.

In Tyrol there are 460,840 Germans and 304,578 Italians, and in that country the proportion of Germans to non-Germans has, between 1890 and 1900, slightly increased. However, notwithstanding the fact that the number of Germans is more than 50 per cent. larger than is that of the Italians, we find that 60,403 children were described as speaking German, 57,418 as speaking Italian, and 3061 as speaking both German and Italian. According to the numbers of Italians and Germans, there should be 80,000 German-speaking children and 40,000 Italian-speaking children. Consequently, it appears that in Tyrol about 22,000 German children are being Italianised, and it seems likely that the Italian element will, eventually, be as victorious over the German element in the south of the monarchy as

are the Czechs and the Poles in the north of Austria.

The foregoing facts and figures clearly prove that in those parts of Austria where Germans live side by side with other nationalities, the former are rapidly being absorbed by the latter. The Germans who live in Austria-Hungary are likely to increase only in those districts where exclusively, or nearly exclusively, Germans are living. These districts are Upper Austria, Lower Austria, Salzburg, Styria, and Carinthia.

In 1890, 2,107,577 Germans lived in Hungary. Ten years later, 2,114,423 Germans were counted in that country. Therefore it appears that, whereas the German population in Germany has grown by 131,000 per million between 1890 and 1900, the German population in Hungary has grown by but 3000 per million during the same time, or at about one-fortieth the rate of speed. The German population of Hungary has remained practically stationary during the last decade, although the whole population of Hungary has considerably increased. Consequently the German element, although it is unchanged in numbers, has greatly decreased in proportion to the total population. In 1890, 12.1 per cent. of the population of Hungary were Germans. In 1900 only 11 per cent. of the inhabitants of the country were Germans. The decrease of the German population has been particularly striking in Hungary proper, where the proportion of German inhabitants has shrunk from 13.7 per cent. in 1890 to only 12 per cent. ten years later. In other words, in 1890 one German was to be found for every six Hungarians in Hungary, whilst in 1900 there was only one German to every eight Hungarians. In the Hungarian towns

the Germans have lost ground at a surprisingly rapid rate, as the following figures show :—

PROPORTION OF GERMANS IN IMPORTANT HUNGARIAN TOWNS

	1890 per cent.	1900 per cent.
Buda-Pesth	24	14
Pressburg	60	50
Oedenburg	64	54
Temesvar	56	51
Hermannstadt	61	55
Arad	53	10
Kaschan	13	9
Grosswardein	3	3
Raab	5	4
Klausenburg	4	4
Agram	9	7
Fiume	5	5

A glance at the foregoing table shows that the Germans have diminished in all the big towns in Hungary, and most rapidly in those towns which, only ten years ago, were strongholds of Germanism ; but the German element has little diminished, or has even remained stationary in those towns where it was insignificant.

Buda-Pesth was founded by Germans in 1241, and it was pre-eminently a German town until very recently. Fifty years ago more than half of the inhabitants of the Hungarian capital were Germans ; in 1888, 33 per cent. of the population were Germans ; in 1890, the German population had fallen to 24 per cent. ; in 1900 it amounted only to 14 per cent. At the present date, only about one-tenth of the population of Buda-Pesth consists of Germans, and it is quite impossible to make oneself understood only with a knowledge of German in the Hungarian capital.

Whilst in Bohemia, Moravia, Austrian Silesia, Galicia, and Tyrol the German element has chiefly voluntarily merged itself in the Czech, Polish, and Italian element, it has in Hungary, to some extent, been denationalised owing to the application of external pressure. Hungary, like Germany, follows an active, and to some extent coercive, national policy, whilst Austria now follows the policy of *laissez-faire* with regard to the different nationalities which dwell in the country. However, the Germans in Hungary do not seem to object to being Magyarised. On the contrary, they like to be taken for pure-blooded Magyars. They speak Hungarian among themselves, and affect not to know German when addressed by a stranger in their mother-tongue. Under these circumstances, it seems likely that, in a few decades, hardly a trace will be left of the 2,000,000 Germans who now live in Hungary.

In 1900 Austria-Hungary had a total population of 45,405,266 people, of whom 11,385,362, or about one quarter, were Germans. Of these Germans exactly 6,000,000, or somewhat more than one half, lived in a precarious position in Bohemia, Moravia, Austrian Silesia, Tyrol, Galicia, and Hungary, districts where their position is threatened by Czechs, Poles, Italians, and Magyars. Consequently the outlook for the future is far from hopeful for the Germans who live under the Double Eagle.

Hungary absorbs the Germans with incredible rapidity, but the Government of Austria has hitherto been able to protect the German element, and to rule the various races in a way favourable to the preservation of the German nationality and of the German language. But the Czechs are anxious to follow Hungary's example, and to pursue a vigorous

national policy, which would necessarily be anti-German, for the Germans have suppressed the Czechs in the past, and are therefore considered by them as strangers and intruders. If the Czechs should succeed in getting a free hand in Bohemia, the 3,000,000 Germans who live in that country would rapidly be absorbed by the Czechs, and the German population of Austria-Hungary might in twenty years be restricted to about seven million people, who would find themselves in a hopeless minority against fifty million non-Germans living with them in the monarchy.

In Bohemia, Moravia, and Austrian Silesia the Germans form a fringe along the Austro-German frontier, but they are cut off from the German Hinterland of Austria. In Hungary the Germans occur in patches, here and there, and cannot stand together in mutual defence. If these dispersed great German colonies in Austria and in Hungary should disappear —and their isolation makes such an event appear possible—the Germans in Austria-Hungary would be confined to the great German enclave in South-west Austria, which is composed of Upper and Lower Austria, Salzburg, Styria, Carinthia, &c., where about six million Germans live, who form nine-tenths of the population. This German island in the midst of a surging and roaring sea of Slavonic nations would, no doubt, be able to resist the more or less forcible encroachments of Czechs, Poles, and Hungarians for some considerable time; but the German element, with its hopeless minority, would hardly be able to act any longer as the governing element in Austria, as it has done hitherto. Vienna, which is situated almost on the eastern border of the German enclave, and dangerously near Bohemia, is already being invaded by immense numbers of Czechs, and if the

Czech element should once succeed in capturing the Austrian capital, it would soon, through the capital, dominate the whole of Austria.

The German element in Austria is not only threatened from without, but also from within. It has often been remarked that illegitimacy is nowhere in Europe more frequent than in Austria, where, according to the official statistics, 13.7 per cent. of the children are illegitimate, as compared with only 9 per cent. in France, 9 per cent. in Germany, 8.5 per cent in Hungary, 7.4 per cent. in Scotland, 4.2 per cent. in England and Wales, &c. The high proportion of illegitimate births in Austria becomes particularly startling if we investigate the statistics of births in the different parts of Austria, for then we are brought face to face with the following most extraordinary phenomenon. In those parts of Austria where Czechs, Poles, Ruthenians, and Italians prevail, such as Bohemia, Moravia, Silesia, Galicia, Tyrol, Carniola, Bukovina, Dalmatia, only about 7 per cent. of the births are illegitimate. On the other hand, in those districts where the Germans form about nine-tenths of the population, from 20 per cent. to 40 per cent. of the children are illegitimate. In Styria 24 per cent., in Lower Austria 25.1 per cent., in Salzburg 26.9 per cent., in Vienna 32 per cent., and in Carinthia even 42.6 per cent. of the children are born out of wedlock. In the chiefly German parts of Austria 130,000 children, or about one quarter of all the children born, are illegitimate. This startling and almost incredible difference in the percentage of illegitimate births in the German and the non-German parts of Austria, and the frightful number of fatherless children in that country, bodes ill for the future of the Austrian Germans, for such figures are a

sure indication of moral and physical decay, and they explain why the Germans in Austria are everywhere losing ground to Czechs, Poles, Italians, and Magyars.

In Austria there are, in round numbers, 9,200,000 Germans, 6,000,000 Czechs, 4,300,000 Poles, and 6,000,000 people belonging to six different nationalities. Consequently, if the German element should lose its supremacy in Austria, the Czechs, or the Czechs and the Poles combined, might claim, and probably would obtain, the supremacy in and the rule over the Austrian part of the monarchy. That they would use their power for their own ends, and retaliate on the Germans for the centuries of wrong under which they have suffered, by gradually extinguishing the German element in Austria and transforming the country into a Slavonic State, can hardly be doubted.

The Slavonic element is evidently in the ascendant in Austria, where 60.2 per cent. of the population are Slavs, and it may soon be triumphant. Consequently, it seems very likely that Austria may, in course of time, be turned from a nominally German State into a purely Slavonic State, supposing, of course, that events are allowed to develop peacefully in that direction in which they are developing at present. Whether Germany, Austria's neighbour, will allow such a change to take place is, of course, another question. That Germany will placidly look on whilst ten million Austrian-Germans are being absorbed by those Slavs whom Germans and Austrians have colonised, Germanised, suppressed, and oppressed in the past, and who therefore detest Germany and Germanism, may well be doubted. Therefore Austria-Hungary may, in course of time, become to Germany and Russia, or to Germany, Russia, and Italy, a second Poland.

Switzerland is partly German, partly French, and partly Italian. In 1900 there were 2,319,105 German-speaking people, 733,220 French-speaking people, and 222,247 Italian-speaking people in Switzerland. These three nationalities occupy separate parts of the country. The Italians live in the south, the French in the west, and the Germans in the north and east of the country. In view of the fact that more than two-thirds of the Swiss are Germans, and that the French and Italians in Switzerland do not endeavour to Italianise or to Gallicise their German neighbours, it might be thought that the Germans would, owing to their great fruitfulness, increase more rapidly than do the Italian Swiss and the French Swiss. But this is not the case. Between 1888 and 1900, the French-speaking population of Switzerland increased by 15.5 per cent., the Italian population, largely through immigration, increased by 43.3 per cent., whilst the German-speaking population increased by only 11.4 per cent. As the French population is almost completely stationary in neighbouring France, it cannot be doubted that the great increase in the French-speaking population of Switzerland is largely due to the fact that the French-speaking Swiss are absorbing the Germans. The merging of the German element in the French population is particularly noticeable in the canton Berne, where about one-sixth of the people are French, but this sixth is growing fast at the expense of the German five-sixths.

If the present movement of nationalities in Switzerland should continue for a few decades, the Germans will find themselves in a minority, and will then, in all probability, rapidly become Gallicised, especially as the German Swiss are republicans to a man. They are passionately opposed to monarchical government,

and therefore naturally incline rather towards France than towards Germany.

It is estimated that two million Germans live in Russia, but no exact figures exist as to their numbers. About 300,000 Germans live in the Baltic provinces, principally in Riga, Mitau, Dorpat, and Reval. In Poland 500,000 Germans are supposed to live. They are chiefly occupied in factories, and in Lodz alone more than 100,000 Germans are counted. Spread through South Russia and along the Volga, approximately a million Germans are supposed to reside. They are the descendants of the German peasant colonies which were founded by Catherine II., Alexander I., and other monarchs, who wished to develop their thinly populated country by attracting many thousands of Germans.

For a long time the Germans in Russia preserved their national characteristics and their language; they had in their colonies their own laws, their own administration, their own colleges, schools, &c.; but during the last twenty-five years they have been Russianised with so much energy and so much success that the German language is rapidly becoming extinct in Russia. The Poles in Russia have apparently preserved their nationality and their language much better, notwithstanding a longer and more energetic persecution on the part of Russia. At present there are but two small German schools in Russia, one in Riga and one in Helsingfors.

In Belgium and Holland about 150,000 Germans are living, and in both countries they are rapidly being converted into Belgians and Dutch. In France there are at least 100,000 Germans, who are mostly in comfortable circumstances, and of these about 15,000 live in Paris. But their cohesion and their

sense of nationality is so small that, notwithstanding the old enmity between French and Germans, they are rapidly becoming French. The only German paper in France is the *Pariser Zeitung*, which appears weekly, and which has to work hard to make both ends meet. There are only two German elementary schools in the whole of France, one in Paris and one in Marseilles. The former is attended by 113 German children and the latter by but seven German children.

In this country there are at least 100,000 Germans permanently domiciled, who are, on the whole, in very good circumstances, and of whom the great majority live in London. There are some German churches in London, Liverpool, and other provincial towns. Two German weeklies and a German bi-weekly paper appear in London, but their circulation is quite insignificant, and there are four or five German schools in the whole of Great Britain. The sons and daughters of German parents living in this country in many cases know no German, and it is very exceptional that the children of German parents are sent to school in Germany.

In Roumania, Servia, Bulgaria, and Turkey, about 100,000 Germans reside, of whom about 30,000 live in Bukharest alone. They are found chiefly in the towns, and have not lost their nationality. Hence, they possess, in those countries, a considerable number of schools, which are largely patronised by native children.

In the United States about 11,200,000 German-speaking people are supposed to live, but of these only 2,666,990 were born in Germany. The remaining 8,533,010 are the children of German immigrants; but of these many, and probably the majority, grow up with hardly any knowledge of the German lan-

guage. Throughout the United States there are numerous nominally German schools, but these have gradually become Americanised, and have, in most cases, lost their German character altogether. The huge number of flourishing German private schools which used to exist in North America has almost completely disappeared, and in many of the so-called German schools German is only taught as a foreign language, side by side with French. The German element remains German for a longer time only in those parts of the United States where the Germans are crowded together in considerable numbers—for instance, in New York, where 322,343 Germans were counted in 1900, in Chicago with 170,738 Germans, in Philadelphia with 71,319 Germans, in St. Louis with 58,781 Germans, &c.

Canada is estimated to have about 340,000 Germans among her population, but these have become Canadians.

No less than 600,000 Germans live in South America. Brazil has about 400,000 German citizens, of whom 300,000 are found in the two southern districts of Rio Grande do Sul and Santa Catarina, where they form about one quarter of the population. Here the Germans have founded substantial towns and villages, and they have preserved their characteristics and their language, which is tinged with numerous Portuguese, Spanish, and native words; and in those parts where Germans prevail native Brazilians and negroes may be heard using the broadest German dialects. The Germans in Brazil possess a huge number of German schools, there being six hundred in Rio Grande do Sul alone, and there are numerous German churches, clubs, newspapers, &c. Many of the German schools in Brazil are subsidised by

the German Government. The Germans in South Brazil feel themselves a nation, and in the small morning hours after festivities they may be heard discussing, with patriotic enthusiasm, the possibility of again forming a part of the old Fatherland. The Germans in Uruguay, Argentina, Chile, Bolivia, Venezuela, Ecuador, &c., are dispersed all over these countries, and do not form compact colonies, as they do in the south of Brazil.

In Australia about 100,000 Germans are counted, who have completely lost their nationality and language. In Asia there are a few thousand Germans, who chiefly live in British colonies and in the harbour towns of China. Many of these have become Anglicised; they are members of English clubs, they take in the English papers, and they speak English even among themselves. In Africa there is a considerable number of Germans, most of whom are found in the Cape Colony and in the Transvaal Colony. In the former, as well as in the latter, they have lost their nationality completely. In the German colonies in Africa so few Germans are living that they are not worth mentioning.

Whilst the 60,000,000 Germans in Germany are increasing in number at a surprising rate, the 30,000,000 Germans outside Germany are rapidly being converted into Czechs, Poles, Italians, Hungarians, Frenchmen, Russians, Dutchmen, Belgians, Englishmen, Americans, Canadians, Boers, &c. This spectacle fills many thoughtful Germans with regret and sadness, especially as the Germans who become incorporated in foreign nations are, in many cases, men of promise and ability, whose services would have been invaluable to the mother country. Not a few of the most prominent statesmen, generals,

scientists, and business men in many countries, Great Britain included, are Germans by birth or by descent. Germany incurs therefore enormous losses not only in material, but also in intellectual power, by the migratory tendency of her sons, and by their peculiarity of easily allowing themselves to be assimilated by Germanic, Latin, or Slavonic nations.

Men of other nations are not so easily denationalised as are the Germans. Wherever the Englishman goes, he takes with him his church, his Bible, his clubs, his newspaper, his sports, his household gods, his national virtues, and his national failings. Frenchmen also who live abroad will remain Frenchmen in thought and language, even if they have been separated from France for centuries, as may be seen by the *habitants* of Eastern Canada. Dutchmen, likewise, preserve their language and their national peculiarities during centuries of separation from their country, as can be seen in the case of the Boers, who are Dutch to the marrow. It seems that, among European nations, the Germans alone are truly cosmopolitan, for they make the world their country.

Fifty years ago, when cosmopolitanism was the fashion, this peculiar adaptability of the Germans was considered by them as a virtue; but since the time of Friedrich List and Prince Bismarck, when the Germans began to call Political Economy "National" Economy and to discard their policy of sentiment for a purely national and deliberately selfish policy of interest, the cosmopolitanism of the Germans has come to be considered as a vice, and it is now loudly condemned as such by all university professors and other professional moralists. Therefore the Germans are striving hard to overcome the vice of cosmo-

politanism, to become more national and to preserve the German element abroad.

With this object in view, many Societies for the Defence of Germanism have been founded both in Germany and in Austria during the last two or three decades. In 1880 the Vienna School Society was founded for the purpose of preserving the German language in those parts of Austria where it is threatened by other nationalities. That society has, since its creation, spent £400,000 and has opened forty-nine schools, but of these only fifteen are at present in existence. The enthusiasm for the society which prevailed in Austria for a few years has disappeared, and, from the details given in the beginning of this article, it seems that its activity has not been able to stem the Slavonic tide.

In 1881 the Allgemeine Deutsche Schulverein zur Erhaltung des Deutschteums im Ausland (the German School Society for the Preservation of Germanism Abroad) was founded in Berlin on the model of its Vienna prototype. In 1903 it had 33,000 members, and a yearly income of £6000. It has confidential agents in all countries, and has altogether spent about £100,000 since its inception. It has the proud motto, "To serve Germanism is to serve mankind." The moderate figures of money spent by that society seem to show that its practical utility can hardly be very great, and it is not apparent that it has, during its twenty-five years' activity, done much to counteract the process of denationalisation among the Germans living abroad. The German Government sympathises with the policy of the Schulverein, and it grants since 1900 a subsidy of £15,000 to German schools in foreign countries without claiming the right of control or supervision on account of this subvention.

From pre-Christian times up to the present, its migratory instinct has been one of the leading characteristics of the German race. The Germans have had practically no settled country, excepting the narrow district between Rhine and Elbe, which has always been German. That district, which contains approximately 40,000,000 Germans, is almost purely Germanic, and it is still the stronghold of the race. The remaining parts of present Germany are colonial land.

In the course of centuries the Germans have spasmodically streamed north and south and east and west in enormous numbers, but those Germans who were left behind on foreign soil were, after a short period of supremacy, swallowed up by the original inhabitants of the countries in which they had settled. Copenhagen in the north, and Novgorod, near St. Petersburg, far away in the east, were at one time German towns, and German used to be the language of culture and the language of commerce in Denmark, Sweden, and Norway. Holland and Switzerland were at one time loyal German States; but, having been left to fight their own battles single-handed, they cut themselves adrift from the German nation and formed independent States. In this way Germany has been deprived not only of several millions of people but also of Switzerland and Holland, two of the most valuable strategical positions in Europe, the possession of which would allow Germany to rule the Continent of Europe.

Whilst Germanism has lost much of the ground which it had conquered in past centuries, it has prevailed in other not originally German parts. In East Prussia, for instance, the native heathen inhabitants, the Prussians, of whom nothing but the

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name has been preserved, were exterminated in the thirteenth century by the Teutonic Order; and, from all parts of Germany, peasants and townsmen were settled in that devastated country, which thus became thoroughly German.

Since the time when the foundation of present Germany was laid in the wilderness of Prussia up to the present day, the policy of vigorous, and, if needs be, brutal, colonisation has always been a guiding principle of Prussian policy, and thus Prussia has Germanised her conquered lands. In the sixteenth century, the Prussian Electors attracted to their territories the Protestants and Dissenters who were expelled from other German States. The great Elector and the first Prussian King, Frederick I., as well as William I., pursued the same policy of colonisation in the Slavonic east of Germany, and they attracted also numerous foreigners, who brought with them their methods of agriculture, of canalisation, and of irrigation, their sciences and their manufacturing industries.

Frederick the Great was the greatest, the most thorough, and the most systematic of all Germanising rulers of Prussia, although he spoke only French. He created along the Polish frontier in Silesia a chain of villages, after he had conquered that province from Austria, and he planted a large German population among the Slavs in the east of his kingdom. He converted his old soldiers into peasants, found them wives, cattle, and furniture, and he attracted from the south and the west of Germany about 43,000 families, or, approximately, about 300,000 people. By these means he increased the slender population of his kingdom by ten per cent., and firmly established German supremacy throughout the country.

At the end of his reign, about one-third of the population of Prussia consisted of immigrant colonists and their descendants.

The Empress Maria Theresa and the Emperor Joseph imitated the policy of Frederick the Great in Austria-Hungary. They founded, for instance, a great German colony in the south of Hungary, where 25,000 colonists were settled, and where at present about 400,000 Germans are found. However, their labour has been lost, for the isolated German peasant colonies in the north and the south of Hungary will soon succumb to the victorious Magyars, who are rapidly Magyarising the whole of Hungary.

Through the deliberate, forceful, and thorough Germanising policy of Prussia, Germany, in its present form, is no longer a conglomerate of individualistic and mutually hostile States, but a firmly knit, united, and thoroughly national nation, whilst the Germans in other countries, and even in nominally German Austria, are not unlike wandering tribes of nomads which have temporarily settled in a foreign land, and which are ready to abandon their own nationality. Through the energetic policy of the Hohenzollerns the historic character of Germany has been radically altered; the Germans in Germany have with fire and iron been welded into a nation, and will remain a nation as long as they are held together by a strong iron band. Whether the Germans would remain a nation if they are left to themselves and if the firm band of national discipline be loosened, may well be doubted. Not by national inclination and by natural growth, but by force, have they received the sense of nationality, and by force they have Germanised non-German elements in the country.

The traditional policy of Germanisation is still

pursued by the Government in the Eastern Provinces of Prussia, where, at the census of 1900, 3,305,749 Poles were counted, whom Prussia has so far been unable to assimilate and to Germanise. In order to convert these Poles into Germans, the use of the Polish language has been forbidden to the Poles, in public and private education, and even in religious instruction. Letters addressed in Polish are not forwarded by the German Post-Office; Polish theatres, clubs, societies, &c., are not allowed to exist. Besides, the Prussian Government tries to Germanise the districts where Poles prevail by its traditional policy of settling German peasants among them. This policy was initiated by Bismarck in 1886, and for this purpose a settlements fund of £5,000,000 was created, which was increased to £10,000,000 in 1898, and to £22,500,000 in 1902. With this fund land belonging to Polish landed proprietors and Polish peasants is bought, and the Poles are replaced by German proprietors and German peasants. This measure has proved a godsend to those Polish landed proprietors whose estates were heavily encumbered, for they were, by the policy of the Prussian Government, enabled to sell them on very favourable terms.

So far, about six thousand families, or about thirty thousand people, have thus been settled by the State among the Poles, but in spite of all Government measures, the Poles have not only held their ground in the east of Germany, but they have apparently even gained ground, partly because their national instinct is strongly developed and because they cling to their language, partly because the Poles are even more prolific than are the Germans. Consequently we find that, in the province of Posen, where about 1,000,000 Poles and about 900,000

Germans are living side by side, the Germans have increased by only 3¾ per cent. between 1890 and 1900, whilst the Poles have increased by about 10½ per cent. during the same time.

If we take a comprehensive view of Germany and of Greater Germany, we find the curious spectacle that Germany proper is not a natural but an artificial nation, which has been created by energetic rulers, who deliberately set themselves the task to counteract the natural self-destructive tendencies which are the historical characteristic of the German race.

Modern Germany was founded about five hundred years ago by conquerors and colonists, and the energetic spirit of the pioneers who founded present Germany among the heathen Prussians has prevailed in the traditional policy of the Hohenzollerns up to the present date. Present Germany is but a magnified Prussia, and the national character of present Germany is no longer the same as that of ancient Germany, but it is the energetic conquering and fighting character of the Teutonic Order, who laid the foundation of the present Empire.

It is clear that the artificially created Germany of to-day has, as regards national character, little in common with the natural but gradually dissolving German States which lie outside the German frontiers. Notwithstanding their unity of race and their unity of language, the Germans inside and outside of Germany are politically totally different beings. Aristotle taught, twenty-three centuries ago, that men are, after all, pre-eminently political animals, and therefore it comes that the Germans inside Germany and those outside Germany are practically two different races.

To those Germans whose ambition is a German

world-empire, the thought that 30,000,000 of their countrymen in Greater Germany are disappearing fast is almost unbearable. Hence, it is the wish of many Germans to save the Germans in Greater Germany by drawing them into the iron circle which surrounds, compresses, and at the same time upholds and elevates the German Empire. Only if they are united with the German Empire will the outlying German tribes become German indeed, and will be made to Germanise other nations.

Whether the dream of a German Empire from Hamburg to Trieste which would include the German part and some of the Slavonic parts of Austria, and which might include Holland and Switzerland as well, will remain a dream, or whether it will materialise, should soon be decided, for the German element in Austria seems likely to disappear almost completely within a few decades. The problem of the Austrian Germans may therefore become soon of greater interest to German diplomacy than the future of Asia Minor and of Shantung.

CHAPTER III

THE EXPANSION OF GERMANY AND THE RUSSIAN PROBLEM

IT is for two reasons of supreme importance to the British statesman to correctly understand the latent antagonism between Slav and Teuton as particularly perceptible in the mutual relations existing between Germany and Russia: firstly, because the Slavo-Teuton antagonism and a future Slavo-Teuton struggle may become the hinge on which our whole foreign and Colonial policy will be found to turn; secondly, because Slav and Teuton do their best to deceive the world as to their conflicting interests and ambitions and their mutual antipathies and hatreds, because it is in the interests of both that outsiders should neither know the real relations existing between them nor the real sentiments which they have for one another. However, the various phases of the Slavo-Teuton contest for supremacy will be found a spectacle of absorbing interest not only for the statesman and the diplomat; the general public also should watch the preliminary moves and counter-moves of the two opposed races, and should follow the gradual development of the drama that may, and probably will, eventually culminate in a life and death struggle, which will prove unparalleled in the world's history for its magnitude and for its far-reaching consequences.

In order to understand the nature of the present

relations between Slav and Teuton, and especially between Germany and Russia, we must glance at the historical developments of those relations. At a time when Germany was already highly advanced in civilisation, the territory adjoining Germany towards the east, which is now under the sway of Russia, was practically a savage country. That country was considered by the Germans of the Middle Ages as their domain, an undeveloped hinterland created by Providence to give an outlet to the overflow of German population, and German settlers who sought new homes emigrated eastward and settled down amongst the native Slavs. Between the twelfth and the eighteenth century practically the entire German emigration went eastward towards the lands of the Slav, and, as is usually the case, amongst those emigrants were to be found the hardiest, ablest, and most enterprising of the race. The German knights established German rule amongst the eastern Slavs with the sword, and converted them by force to Christianity. They were followed by German farmers and peasants, and where the new-comers settled down the wilderness was cleared, the land was brought under proper cultivation, roads were made, towns and harbours sprang up, schools and churches were erected, law courts were opened, trade and commerce flourished, a superior civilisation arose.

Recognising the civilising influence of the foreigners, skilled in many arts and crafts unknown to the natives, Russian rulers such as Ivan III. and Ivan IV., Peter the Great and Catherine II., attracted Germans to the country, and during the period of Russia's transition from barbarism to civilisation Germans were to be found everywhere in high offices, and were held in high esteem at Court. In fact, the Germans were,

until lately, the ruling element in Russia, and were indispensable to the Russian Government.

Chiefly in the Baltic Provinces German civilisation became a powerful factor. As far back as 1630 the German University of Dorpat was founded, whilst the first Russian University, that of Moscow, was only established as late as 1755, and the numerous flourishing German towns and villages, with their German administrations, law courts, schools, and other institutions, spread Germanism far and wide. The official language in the Baltic Provinces was German, and German Protestantism was the leading religion of the inhabitants.

During the last hundred years, and especially since the accession to the throne of the Emperor Nicholas I., the relations between Russians and Germans in Russia have completely changed, for Russia has determinedly shaken herself free from foreign tutelage, and has set to work to Russianise the non-Russian elements of the Empire.

With the awakening of Russia to a sense of her own nationality, the Baltic Provinces soon lost the character of a German hinterland, and the chances for German immigrants became less favourable. Nevertheless German immigration, though much lessened, continued to flow towards Russia for a long time. During the twenty years between 1857 and 1876 no less than 4,606,000 Germans emigrated to Russia, whilst only 4,048,000 returned to Germany, leaving thus 558,000 Germans in Russia. Formerly Germans went to Russia because land was cheap and plentiful. Later on they rather went to the towns, where they are still strongly represented, especially in the more intellectual occupations. Amongst the Russian officials, scientists, professional men,

artists, engineers, bankers, merchants, journalists, &c., the Germans are still to be found in proportionately extremely high numbers, which may be seen from the fact that no less than 46 German papers appear in Russia, 9 in the two capitals, and 37 in the provinces, and that there are 10 German theatres in that country.

After Alexander III. ascended the throne in 1881 the Russification of the Baltic Provinces was undertaken with redoubled vigour, and with the same intolerable harshness with which, at present, the autonomy of Finland and the guaranteed liberties and privileges of the Finns are being destroyed. In 1874 marriages between Greek Orthodox people and Protestants were declared void, the building of new Lutheran churches was forbidden, the Minister of the Interior was empowered to depose Protestant clergymen; the German Corporation Schools were forcibly converted into Russian schools in 1887, the German private schools were Russianised in 1889, and in the same year the formerly German University of Dorpat was deprived of its old autonomy and completely Russianised. The German local administration and jurisdiction were likewise destroyed root and branch, and the use of the German language was penalised. Germans who had held administrative or judicial appointments, as well as University professors and schoolmasters, were summarily dismissed, and were replaced by Russians. By an Imperial Ukase of the 24th May, 1886, the acquisition of land by foreigners in Western Russia was forbidden, and the German estate and factory managers and the German foresters were dismissed. The Russian language was made compulsory in the law courts of the Baltic Provinces, notwithstanding the fact that very often both plaintiff

and defendant understood only German. To obliterate the last vestige of Germanism the very names of the former German towns were Russianised. For instance, Dorpat and Dünaburg were turned into Jurjew and Dwinsk.

Needless to say, the ruthless destruction of German culture and of the German nationality in the Baltic Provinces aroused the greatest indignation amongst the Germans in Germany, who, with grief and rage saw their countrymen suffer. According to a statement of Bismarck, which probably was exaggerated, the German inhabitants and their decendants in the Baltic Provinces counted more than three millions; according to Leroy-Beaulieu the Baltic Provinces were more German than Alsace-Lorraine. Consequently German patriots had hoped to see the vast territories which German industry had cultivated rejoin Germany some day by the gravitation of their German population. However, these hopes were shattered, and Germany became aware that she had not only lost strength by the emigration of many of her best citizens to Russia, but that she had also supplied her neighbour and prospective enemy with the intellectual leaven and the sinews for war. Germany had to look on whilst her former citizens were as completely absorbed into Russia by brute force, not by their own choice, as her latter-day emigrants have voluntarily merged themselves in the Anglo-Saxons of the United States and of the British Colonies.

It is therefore only natural that Germany is embittered against Russia on account of the ruthless destruction of the German element in the Baltic Provinces, but no less is Russia embittered against Germany for political reasons. Russia considers that

she saved Prussia from total destruction by Napoleon in 1806 and 1807, and that she finally delivered her from the yoke of the French conqueror in the war of 1813 and 1814. Again, in 1870, had it not been for the friendly support of Russia, Germany might have found Austria, Italy, and Denmark ranged on the side of Napoleon III., and the Franco-German War might have had a very different issue.

It was, of course, not from merely sentimental reasons that Russia assisted Prussia against Napoleon I., and that she promised to Prussia her support in the event of other Powers assisting France in 1870. Prince Gortschakoff, like all statesmen in Europe, had been dazzled by Napoleon III.'s dramatic and well-advertised exploits in the Crimea, Italy, Algiers, and Mexico, and he believed the imposing figures as to the strength of the French Army which the *Journal Officiel* gave on the 16th of August 1869, with deliberate intention to deceive the world. Besides, Russia, together with all other Powers, not only overestimated the military strength of France, but underestimated at the same time the military strength of Germany. Furthermore, it appears that Prince Gortschakoff desired to see France and Germany fight one another without external assistance, in the hope that the Franco-German War would be long drawn out and exhausting to both parties, so that he might have a chance of stepping in when France and Germany were crippled, posing as the saviour of Germany, and arranging the terms of peace between the belligerents, with material advantage to Russia. That event, which would have meant the weakening of Germany at the peace, and the strengthening of Russia at the cost of Germany and France, would of course have been highly welcome to Russia.

The rapidity and completeness of the German victories frustrated Gortschakoff's scheme as completely as Napoleon III.'s plan to be the arbiter between Prussia and Austria in 1866, after both nations had become exhausted, was marred by the unexpected rapidity with which Prussia completely defeated Austria in only five weeks. Owing to Gortschakoff's miscalculation, Russia failed to receive the reward for her benevolent neutrality which she had hoped for. It is true that the German Emperor wrote some graceful letters to the Czar, and that Bismarck supported Russia in 1871, or rather did not oppose her, when she wanted to have Paragraph 11 of the Treaty of Paris repealed in order to obtain freedom of action in the Black Sea, but that support in a minor question was hardly regarded by Russia as an adequate *quid pro quo* for the priceless services which she had rendered to Germany in 1870.

The consciousness of having rendered the most important services to Germany gratuitously, and of having strengthened her western neighbour to her own danger, was bound to cause great dissatisfaction in Russia. With his usual perspicacity and foresight, Bismarck recognised the existence of this feeling and the danger springing from it. Consequently he cast about for a common policy with Russia, and the revolution in Paris and the frightful excesses of the Commune in 1871 suggested to him a happy idea. Incessantly the danger of international anti-monarchical movements was pointed out by him to the Russian Court in despatches and semi-official newspaper articles, as well as the danger to Russia, Germany, and Austria from Polish aspirations towards the foundation of an independent Poland. He suggested the opposing of an alliance of monarchs to the allied

revolutionary forces which threatened all thrones, and, as his arguments received a timely point from the restlessness of German Socialists, Russian Nihilists, and Polish agitators, he succeeded in convincing the Czar of his imminent danger, and a formal alliance between the three Emperors of Russia, Germany, and Austria-Hungary was concluded in September 1872. Thus the disappointment of Russia about the outcome of the Franco-German War had been skilfully relegated to the background. Nevertheless Russia's real feeling for Germany could not be repressed, and became apparent in 1875, when war threatened to break out anew between France and Germany. At that time Russia threw her influence on the side of France, determined not to see Germany further strengthened. Again in 1886, when Boulanger seemed likely to become the ruler of France, Germany's attitude became distinctly aggressive, war seemed impending, and again the Russian semi-official press declared in unmistakable language that Russia would not tolerate any further weakening of France.

Germany had disappointed Russia's hopes in 1870–71. All the more did Gortschakoff count upon Germany's gratitude in the future, especially as Bismarck was never tired of flattering the vain old gentleman whom he called his master in diplomacy. An occasion soon arose. In March 1878, the Peace of San Stefano seemed to bring Constantinople into the grasp of Russia, and Russia's dream of centuries seemed at last to approach realisation. However, when the Russian armies were already in sight of Constantinople a British fleet appeared in the Bosphorus, the language of the British Government became threatening, and Count Andrassy obtained from the Austro-Hungarian Delegations a credit of sixty million florins

for military purposes. The Dual Monarchy prepared herself for war with Russia, and England did likewise.

Under those circumstances, Russia naturally looked to Germany for a proof of the gratitude which that country had so often professed for Russian services rendered in the past, for only the weight of Germany and the ability of Bismarck could turn the scales in favour of Russia, and enable her to reap the fruit of her victories. Russia expected this all the more as Bismarck had made the Russian Government to believe that Germany would assist Russia in conquering Constantinople, just as he had deluded Napoleon III. in 1866 into the belief that he would be allowed to take Belgium. The latter hope had kept Napoleon quiet during the war between Austria and Prussia; the prospect of possessing Constantinople had made Russia assent to the Franco-German peace arrangements of 1871.

However, the Congress of Berlin proved to be a terrible disappointment to Russia. Bismarck presided, but he did not help his former protector. Under the guise of the "honest broker," he succeeded in barring Russia's progress to Constantinople, in securing Bosnia and Herzegovina for Austria-Hungary, and in arranging the cession of Roumanian Bessarabia to Russia.

The effect of these arrangements was most advantageous to Germany and most disadvantageous to Russia. By pushing Austria-Hungary two hundred miles forward on the route to Constantinople, and by giving to her those Slavonic countries which Russia considered the fruit of her victories, Bismarck sowed hatred between Russia and Austria-Hungary, and prepared the way for a future defensive alliance

between Germany and Austria-Hungary, the conclusion of which the stipulations of the Berlin Congress had made inevitable. Besides, Bismarck had created a most intense hatred between Russia and Roumania, Russia's former ally, who was despoiled by Russia of Bessarabia after she had saved the Russian armies from destruction by the Turks.

The decisions of the Congress of Berlin, to which Russia had looked with such high hopes, were received in Russia with amazement and with the rage of despair. The lives of 200,000 soldiers had been sacrificed in vain. Only Germany and Austria-Hungary had profited from Russia's victories. The *Golos* wrote: "Russia has been deceived by her friends, and has foolishly helped her enemies by her victories." Prince Galitzyne complained: "Bismarck has been only the honest broker, not Russia's friend and protector. In these hard times Russia had a right to expect more." Aksakoff, the father of Pan-Slavism, said: "The Congress has been an impertinent insult to Russia. Germany and the Western Powers have robbed Russia of the wreath of victory, and have put on her brow a fool's cap and bells." General Skobeleff, the then prospective Commander-in-Chief for War, made, shortly after the Russo-Turkish War, a speech to the Servians in Paris, in which he said: "In our house we are not at home. The foreigner meddles in everything. We are his dupes in politics, we are victims of his intrigues, we are governed and paralysed to such an extent by his innumerable and pernicious influences that we can find deliverance only sword in hand. Do you wish to know the name of the foreigner, the intruder, and the intriguer? It is the German. I repeat it, and hope you will never forget it: our enemy is the German. The battle is unavoidable

between German and Slav, and it will be long, bloody, and terrible, but the Slav will triumph."

The Anti-German movement in Russia found a corresponding echo in Germany. The *Leipziger Zeitung* of the 24th of August 1882, said, in Bismarck's personal style: "A war with Russia does not lie within the sphere of impossibilities. The revolutionary tendencies in the Russian people, the bankruptcy of the Russian administration, the distress of the Russian people, the sorry figure Russia cut in the Russo-Turkish War, and the whole nature of an empire which requires constant expansion and covets the German harbours in the Baltic . . tend towards driving Russia into war. . . . The sentiment of the country favours such an enterprise, for the hatred against Germans, which has ever been present and popular in Russia, is now being systematically cultivated." Numerous books and pamphlets, violently anti-Russian, were issued in Germany. The motto of "The German War with Russia," Leipzig, 1882, was: "The security of Europe demands the annihilation of Russia as a European great power." The leading note in *Russland am Scheidewege*, Berlin, 1888, is: "Between Germany and Russia there exist not differences of opinion on isolated questions of policy and statesmanship which can be settled in one or the other way, but deep-seated ineffaceable contrasts of race and culture which irresistibly press towards an open conflict."

Up to 1877 Russia had seen in Germany a friend; from the Berlin Congress onward Russia began to consider Germany as a stealthy and very dangerous enemy. Russia's mental attitude towards Germany and Austria-Hungary may be expressed in the celebrated phrase of Gortschakoff after the Crimean War:

"La Russie ne boude pas, elle se recueille." From 1879 onward the concentration of enormous masses of troops on the German and Austrian frontier was begun by Russia, and the Three Emperors Alliance, concluded in 1872, was followed on the 7th October 1879, by a defensive alliance between Austria and Germany directed against Russia.

Whilst Bismarck protected Germany against the danger of an actual attack from Russia, he tried at the same time, with consummate skill, to divert Russia's animosity against Germany into other channels. As he directed French attention towards the conquest of a colonial empire, and successfully used the Egyptian question as a lever with which to separate France and Great Britain, even so he succeeded in persuading Russia that Great Britain was her irreconcilable enemy, and did all he could do to accentuate the differences existing between Russia and this country. In fact, by Bismarck's genius Great Britain was made the lightning conductor which sheltered the German house against the dangers which threatened it from both France and Russia. It has been asserted that Germany fanned the Pro-Boer agitation in Russia for similar reasons.

From the foregoing it seems clear that the dislike existing between Germany and Russia has a historical foundation, and that Germany as well as Russia has much reason to complain. At the same time it must be remembered that historical differences existing between two nations are soon forgotten if their present material interests and their political ambitions do not clash. Whatever their differences may have been in the past, nations can live in peace and forget old wrongs if their living interests be not antagonistic. To find out whether German and Russian interests,

or rather the interests of Slav and Teuton, are compatible or incompatible, we have to look at the Slavo-Teuton question, and to weigh against one another the national as well as the racial interests, aims, and ambitions of Germany, Austria-Hungary, and Russia.

Up to the time of Russia's national awakening the vast stretches of country east of the present German frontier were considered as Germany's preserve, and little was feared from the uncivilised and unorganised tribes living in the east. All danger to Germany came from the west. France, which had invaded and ravaged Germany innumerable times, was the dreaded and hated hereditary enemy, the "Erbfeind" of Germany. Since then Germany's position has considerably changed. The defeats of 1870–71 have given to France a terrible lesson; Germany is no longer divided against herself, and the German population being now fifty per cent. larger than that of France, French aggression is no longer feared by Germany.

At the present time the German population is increasing extremely rapidly, the average increase amounting to 900,000 per annum. As Germany is determined to remain a great power, and is loth to strengthen other countries with her surplus population as she has done in the past, she strives to acquire territories suitable for white settlers, and to strengthen the German nationality wherever possible. Consequently, she can neither tolerate that the German race be confined within narrow bounds, nor that part of the race be crushed out of existence by another race.

From the German point of view the ever-growing power of Russia, which has so suddenly arisen out of

nothing on her eastern frontier, is therefore considered Germany's greatest danger, not only from a national but also from a racial point of view, especially as Russia has shown a marvellous ability both for disintegrating her neighbouring nations by Pan-Slavic agitation and intrigue and by the propaganda of her Church, and for rapidly Russianising and absorbing other races within her own border. It is therefore only natural that German statesmen should contemplate with grave concern the dissolving influence exercised by Russia upon the Balkan States and Austria-Hungary, and the rapid destruction and assimilation of other races and nationalities dwelling within her borders.

For Austria-Hungary the Russo-Slavonic danger is even greater than it is for Germany, because she offers a greater scope to the destructive activity of Pan-Slavism. Germany is a country having about 60,000,000 inhabitants, out of whom only 3,000,000, the Poles, are Slavs; yet the existence of even such a small number of Slavs gives to the German Government no little anxiety, as may be seen from its anti-Polish policy. How much greater, then, must be the Slavonic danger to Austria-Hungary, seeing that out of 47,000,000 inhabitants about 22,000,000 are Slavs, as compared with only 11,500,000 Germans and 8,000,000 Magyars.

The Pan-Slavistic movement has already taken deep root among the Slavs of the Dual Monarchy; in fact, it may be said that Pan-Slavism was originated in that country, not in Russia. Ian Collar, the poet of Pan-Slavism, was born in Hungary, and worked in Vienna and Prague, and the first Pan-Slavistic Congress took place in Prague in June 1848, since when Pan-Slavistic teachings have widely spread.

The Austro-Hungarian Slavs belong to various nationalities and speak various languages. Consequently, though they are numerically the strongest power in the country, the Government in Vienna has so far been able to turn the divisions of the Austro-Hungarian Slavs into several nations, speaking different languages, to good account; and in spite of their great numerical preponderance the Slavs in Austria-Hungary do not enjoy autonomy and privileges similar to those possessed by the Austrian Germans and by the Magyars of Hungary. It is therefore only natural that the Slavs in Austria-Hungary, especially the Czechs in Bohemia, are dissatisfied with their political position, and that they cast longing eyes eastward towards the "Czar Liberator." The Russophile movement in Austria-Hungary is especially noticeable in Bohemia, and is too well known to be enlarged upon. In a country distracted by the violent strife of nationalities, where more than a dozen different languages are spoken, where one officer of the Imperial Army often does not understand the other, a largely disaffected and Russophile Slavonic element, counting 22,000,000, is particularly unfortunate and very dangerous.

Seventy-five years ago Field-Marshal Radetzky, Austria's greatest general since Archduke Charles, embodied in two masterly memoirs, entitled "Reflections on Fortresses" and "Consideration of the Military Position of Austria," his ideas as to the future political and military relations between Russia and his country. History has already proved in part the correctness of Radetzky's views and the soundness of his forecasts. Therefore it will be interesting to consider the chief points of those memoirs, which are equally

applicable to the present day. The Field-Marshal says :—

". . . Owing to her geographical position Russia is the national and eternal enemy of Turkey. The huge territory of that Empire can send its produce only through the narrow gates of the Baltic, and through the Bosphorus. Russia must therefore do all she can to take possession of Constantinople, for its possession grants to her the necessary security and territorial completeness.

" The so-called Oriental Programme has often been adjourned at St. Petersburg, but has never been dropped. The anxiety of Europe in view of the immense Russian preponderance cannot be hidden. Everywhere plans of defence are being prepared against the threatening spectre.

" Russia is no doubt the most dangerous neighbour of Austria, and nothing is more unlikely than that we shall remain constantly at peace with her. Already her population is twice as large as ours, and the high birth rate of Russia must double her population in fifty-four years, and quadruple it in one hundred and eight years. She also possesses the possibility of becoming the richest nation in the world by paying due attention to her agriculture and her other industries.

" In our own country a powerful element extends from the Bukowina to Croatia, related to the Russians by religion and language, and this powerful element is in favour of Russia. All these circumstances force us to the conclusion that Russia is the power from which the greatest peril threatens us.

" Russia's geographical position makes it indispensable for her to keep open the Bosphorus and the Sound. She can only secure the former by dividing its shores between two independent powers, or by taking possession of it. Austria might permit the former, and might also permit Russia to possess an isolated fortress on the Straits similar to Gibraltar. But Austria can never tolerate that Russia should incorporate Turkey in part or whole, for in that case Austria would be hemmed in and controlled by Russia.

" The Danube is Austria's main artery. Its lower reaches in the Black Sea are as necessary to Austria as the Sound and the Dardanelles are to Russia, and, in order to utilise the Danube freely, Austria requires also the free use of the Dardanelles. Hence it follows that the conflicting interests of Austria and Russia must lead to war unless both nations be able to arrive at an agreement with regard to Turkey."

The energetic and statesmanlike views of Radetzky used to be the views of the leading circle in Austria-Hungary. If formerly one mentioned to an Austrian the possibility that Constantinople might some day become Russian, one was assured: "The way to Constantinople goes *via* Vienna." At that time the disintegration of Austria, the strife among her numerous nationalities, and the corroding influence of Pan-Slavism were less in evidence than they are now. Austria-Hungary still felt strong for action. Since then she has become more and more conscious of her internal irreconcilable dissensions. It is even doubted in Austria whether some of her Slavonic troops would fire on Russians. The Dual Monarchy has become aware that she is neither a nation nor a union of nations, but an ill-assorted assemblage of quarrelsome peoples devoid of any common bond, either of language, religion, race, history, or policy. In fact, Austria-Hungary is little more than a geographical expression. Hence it comes that the time of a bold and active policy for Austria-Hungary may perhaps be considered as past. The chief care of her Government is to keep together what it has—if possible. Besides, Austria-Hungary remembers too well her defeats at Marengo, Solferino, and Königgrätz. With her losses of territory and prestige she has also lost courage, especially as her present, and still more her prospective, ruler has hardly the spirit required to initiate an energetic national policy.

Austrian politicians consequently look on the power of Russia and on the steady advance of Pan-Slavism in their own country with silent dread, whilst the Austrian Slavs greet with joy every step of their country towards Russification. In consequence of this helpless and precarious position, Austria-Hungary

has become an absolutely trustworthy ally, one might even say an ever obedient satellite, of Germany.

In Bismarck's time German diplomacy used to declare that the Eastern Question was of no interest to Germany, and even now similar declarations are frequently made in Berlin. But as a matter-of-fact the Eastern Question appears to be of the greatest importance to Germany, though German statesmen think it injudicious to say so. If Constantinople should fall into the hands of Russia, the Balkan States, the inhabitants of which are of the same race and religion as the Russians, would also soon become Russian, and Austria-Hungary would find herself hemmed in on three sides by Russia. The Slavonic people of Austria-Hungary, who are already straining at the leash, would soon become unmanageable, the various nationalities in Austria-Hungary would lose all cohesion, the powerful Slavonic tribes would naturally gravitate towards Russia, and in the end the Germans in Austria-Hungary, isolated and but 11,500,000 in number, would share the fate of their countrymen in the Baltic Provinces. Constantinople in Russian hands means the eventual Russification of the Dual Monarchy.

Germany cannot, of course, view with equanimity the possibility of seeing herself deprived of a reliable ally, of being in the end isolated and hemmed in by an immense Russian empire, and of seeing 11,500,000 Germans in Austria-Hungary absorbed by Russia, and lost to Germanism. Therefore, though the realisation of that consummation would appear to be a long distance ahead, it is of the highest importance to Germany to see Russia's path to Constantinople barred, for its possession would

strengthen her immensely, and would mean the greatest danger to the German nation and to the German race.

Germany has no desire to quarrel with her Eastern neighbour if she can help it, and she therefore tries, and will always continue to try, to avoid war with Russia, and to persuade other nations that it is their greatest interest, but no interest of Germany, to keep Russia out of Constantinople. Germany desires to avoid a war with Russia for very good reasons. France will probably remain a faithful ally to Russia as long as Russia remains solvent, and Germany is aware that the issue of a war with France and Russia combined would be doubtful. In any case, such a war would prove exhausting to Germany, and would mean the loss of much trade, and general impoverishment of the country. Besides, even if Germany should be victorious, she could neither recoup her losses by exacting an indemnity from Russia, nor by annexing territories peopled by unmanageable Poles. Bismarck said truly: "Russia has nothing that Germany desires."

It is clear that a German-Russian war would certainly not only be risky but also very unprofitable to Germany. Therefore Germany tries her hardest to maintain her "traditional friendship" with her Eastern neighbour, and the dynastic relations between the two nations are, at least as regards the protestations made in Berlin, most cordial. Nevertheless, in spite of these outwardly cordial relations, and in spite of the numerous assertions that the question of Constantinople does not concern her, Germany has strengthened Turkey very materially by building strategical railways for her, and by supplying her with officers and arms, notwithstanding the fact that

Russia desires the decay of Turkey in order to step easily into Constantinople.

Germany's policy at Constantinople is distinctly and intentionally anti-Russian. Its true character was revealed shortly after the present German Emperor had come to the throne. At that time the relations between Russia and Germany were somewhat strained. The visit which the German Emperor had paid to St. Petersburg from the 19th to the 24th of July 1888, had given rise to some very unpleasant scenes, and it had been returned only after fifteen months, on October 11th, 1889, in the most perfunctory manner. The tardiness and coldness of this visit was considered a deliberate slight to Germany. Immediately after the Czar's visit William II. paid a visit to the Sultan from the 2nd to the 6th November, and his reception at Constantinople was splendid and truly national. The German Emperor was greeted by the Sultan and the people as the friend and benefactor, one might almost say as the protector, of Turkey. The political meaning of his visit was unmistakable, and it was felt in Russia as a severe defeat.

In 1877–78 Russia found it already difficult enough to defeat the Turkish armies. In a future war Russia might find the task of penetrating to Constantinople overland still more difficult. The Turkish army is now composed of 262,000 officers and men in peace, and of 1,310,000 in war, with 1530 guns. The whole of this vast army can be mobilised in from two to three months, and, according to the best information available, 355,000 infantry, 14,000 cavalry, and 948 guns could be collected near Constantinople within two or three weeks, reinforced by 100,000 Albanians and Asiatic Redifs. Quick-firing guns are being intro-

duced into the artillery. For the use of the infantry there are in existence 920,000 Mauser rifles, with a reserve of 500,000 Martini-Henry and Peabody rifles. The store of ammunition is ample, and amounts to 500 cartridges per rifle. The spirit of the Turkish Army is excellent, as could be seen in the Greco-Turkish War of 1897.

In view of the excellence of the Turkish Army, it is only natural that Russia should contemplate approaching Constantinople by sea, a contingency which Bismarck foretold as early as the spring of 1891. The frequent embarkation manœuvres in the Black Sea on a vast scale, and the constant keeping in readiness of much shipping for purposes of military transportation, are of great significance. It is believed that Russia is able to embark 100,000 men in the Black Sea ports at the shortest notice.

Apart from strengthening Turkey and making her a bulwark of Germanism, Germany has staked out claims in Asia Minor. In fact, Germany hopes to find in Asia Minor in course of time those colonies, able to receive her surplus population, which she so ardently desires. In this connection it should be remembered that, though Constantinople is not the key of the world, it is certainly strategically and commercially the key of Asia Minor. If Russia should occupy Constantinople, she always could, and certainly would, cut off the approach to Asia Minor from Germany and Austria-Hungary, and, unless Great Britain should interfere, Asia Minor would undoubtedly fall into the hands of Russia after she had taken Constantinople. Therefore it is clear that Russia's occupation of Constantinople would mean for Germany not only the prospective break-up of Austria-Hungary and her final absorption by Russia, but also

the shattering of Germany's hopes of colonisation in Asia Minor. In other words, if Russia should occupy Constantinople, Germany's expansion in and out of Europe might become impossible. Unable to expand, Germany would soon fall to the rank of a second-rate power, and would continue to strengthen the Anglo-Saxon nations with her surplus population.

Germany is fully aware that if she gave a free hand to Russia to absorb gradually Turkey, the Balkan States, Asia Minor, and perhaps also Austria-Hungary in part or in whole, Russia's successes would only serve to increase her appetite, and that she would finally encroach on German territory. She might, for instance, declare herself the protector of the Polish nation, and raise a claim on behalf of the kingdom of Poland, which included large parts of the German provinces of Ost-Preussen, West-Preussen, and Posen. Consequently Germany is determined to stop at any price the strengthening, not the growth, of Russia, indirectly as long as she can, and directly as soon as she must.

Russia's extensions of territory in Asia have been most welcome to Germany, for it is evidently an advantage to Germany if Russia incurs new responsibilities and creates for herself new enemies, such as Japan. Russia's Asiatic possessions, instead of being a source of strength, are a source of weakness to her. Instead of enriching the State, they impoverish it by necessitating vast administrative expenses. Besides, Russia is compelled to maintain in Asia, at huge cost, more than one hundred thousand soldiers who otherwise might become available against a European enemy. It is therefore clear that it is in the interest of Germany to see Russia in difficulties in Asia with any power, Great Britain included. Hence the anti-

British attitude of Count Waldersee in China. Hence Germany's moral support of Russia against Japan.

In view of Germany's position and her Russian policy, it was only to be expected that she would give to the "Yangtse Agreement" an interpretation which astonished our Foreign Office, but which did not surprise those who understand the Russo-German relations. The conclusion of the "Yangtse Agreement" by Great Britain was a proof of official optimism which nothing could justify.

Russia had been deceived by Germany's attitude up to the Congress of Berlin, but not later. Since then she has formed the decided opinion that Germany is her worst enemy, that the opposition to her progress towards Constantinople is organised in Berlin, that Great Britain and Austria-Hungary are less interested in Constantinople than is Germany—that, in fact, the way to Constantinople goes *via* Berlin. From that time onward German assurances of friendship have been more or less politely acknowledged by Russia, and the cordial effusions of William II. have been coolly, sometimes frigidly, returned, but at the same time the garrisons facing the German and Austrian frontiers have been enormously strengthened. Everything has been prepared for war with Germany. The garrisons of the three western districts of Russia, Warsaw, Vilna, and Kieff, have been increased in the following manner :—

1879	14	divisions of infantry,		8½	divisions of cavalry.	
1889	25	„	„	10	„	„
1900	31	„	„	16	„	„

The troops of the last year given comprise 607 battalions of infantry, 408 squadrons of cavalry, 295 batteries of artillery, and other arms.

It would be difficult to state the exact number of men and horses massed against the German frontier as the strength of the different units is kept secret, and is quietly increased or lessened according to the political outlook, but it may be assumed that about 600,000 men, with 100,000 horses and 2360 field guns, are at present assembled within easy reach of the Austro-German frontier. How immense these figures are, even for Russia, may be seen from the fact that only 17 divisions of infantry and 4 divisions of cavalry remained in 1900 for the garrisoning of the immense territory of European Russia outside the districts of Warsaw, Vilna, and Kieff. In fact, about two-thirds of Russia's European army are massed on the small piece of territory mentioned, ready to strike at any moment. In the immediate vicinity of the German frontier 150 battalions of infantry, 140 squadrons of cavalry, and 50 batteries of field artillery are stationed. At a few hours' notice 20,000 Russian horsemen could cross into Germany, followed within a few days by huge armies. Preparations of such volume and such completeness are not made for defensive purposes.

Russia's military position is a particularly happy one, and resembles that of the United States. Neither of these countries can be successfully invaded because of the vast extent of their territory, nor can they be starved into submission, as they are practically self-supporting and self-sufficing. It follows therefore that, if Russia wishes to remain peaceful, her standing army, like that of the United States, need only be so strong as to be able to police the wilder and the more unruly districts of the country. That Russia, notwithstanding her great poverty, maintains in peace time a standing army of no less than 42,000 officers

and 1,073,000 men, is an eloquent proof of her bellicose intentions against a great European power.

Russia is the only country in Europe which does not require a large army for defence. St. Petersburg is 450 miles and Moscow 600 miles distant from the nearest point of the German frontier. From Austria-Hungary the distances to St. Petersburg and Moscow are still greater, namely, 650 and 700 miles. On the other hand Russian troops would only have to march 190 miles to Berlin and 200 miles to either Budapest or Vienna. Apart from the great advantage of distance, the Russian army would have the further advantage that it could easily live on the country in Germany and Austria-Hungary, while a large invading force could not live on the country in Russia. Furthermore, Russia could prolong the war indefinitely after the fall of her capitals, as did the Transvaal and the Orange Free State, whilst Germany or Austria-Hungary could certainly not survive the fall of Berlin or Vienna. Lastly, Russia possesses no territory that her neighbours covet. It is therefore clear that her vast army is meant for aggressive purposes.

Russia's political and warlike activity springs from the natural circumstances of the country and of the people, and from the ambitions of her rulers. Her territory is immense and her population is large and rapidly increasing. Its past increase may be seen, and its future increase be gauged, from the following figures :—

1762	19,000,000	inhabitants.
1796	36,000,000	„
1815	45,000,000	„
1835	60,000,000	„
1851	68,000,000	„
1859	74,000,000	„
1900	129,000,000	„

If we bear in mind how sparsely Russia is as yet inhabited, and that the Russian birth rate is 49.5 per 1000 as compared with only 28.6 per 1000 in the United Kingdom, it becomes clear how rapidly Russia's population may increase in the future, especially when prosperity and education effect a fall in the death rate, which is at present as high as 31.4.

The vastness of Russia's territory, the magnitude of her population, the immensity of her latent national resources, and the potentialities of the empire make it only natural that Russia has a boundless confidence in the future of her race and country. Naturally, her statesmen have ambitions commensurate with the size of the State. These ambitions are two in number: a free opening towards the Mediterranean, and Russia's dominion over all Slavs. Russia has proved the former ambition in numerous wars; the latter ambition is evidenced by the fact that she undertook the war of 1877–8 for the deliverance of her Slav brothers—"of a people of the same race and having the same religion," as Grand Duke Nicholas said at the Shipka celebrations. As a matter of fact, these two ambitions are one in practice. It has been shown before that the possession of Constantinople would bring about Russia's gradual absorption of all Slavonic nations. It is equally clear that the incorporation with Russia of all Slavonic nations which hem in Turkey would mean in the end an easy conquest of Constantinople.

Russia's policy, though bewildering to the casual observer, is only natural and logical, if we bear in mind that the possession of Constantinople is her constant aim, and that her Asiatic adventures are either idle conquests "*pour passer le temps*," like that of Manchuria, or deliberate moves in the great game

for Constantinople, like her occasional demonstrations against India, or her progress in Persia. It is of course worth her while to secure an alternative land route towards Constantinople, and to intimidate in advance Great Britain by menacing India into acquiescence in her final step.

The possession of Constantinople would mean far more for Russia than a commercial outlet towards the Mediterranean; it would mean that an enemy would no longer be able to attack Russia in the Black Sea, at present her only vulnerable point, whilst Russia would always be able to raise enormous armaments unnoticed on the shores of the Black Sea, and throw them on an enemy without warning. The possession of Constantinople would give to Russia an almost impregnable defence, and enable her to menace Europe constantly. Therefore it might give to Russia the control of the Mediterranean, and make it a Russian lake. In view of these considerations it was only natural that General Skobeleff should have declared: "Russia's frontiers will never be secure from attack until she holds the Bosphorus."

Apart from strategical considerations Russia wishes to remain a European great power. The possession of Constantinople would give to her a centre worthy of the empire, and the splendour of the Byzantine Empire of old might be renewed in Russia. Though the possession of Constantinople would not give to Russia the dominion of the world, it would increase Russia's strength in Western Asia and especially in Eastern and in Central Europe.

Evidently the possession of Constantinople is worth playing for. Russia has played for it during a century, and it has cost her dearly. Russia's ambition to possess Constantinople has created her

immense army. The creation of her immense army has necessitated an immense administrative machine and strategical railways. Chiefly in consequence of Russia's passionate desire to reach Constantinople, her national debt has risen from nothing at the time of her bankruptcy in 1843 to £656,547,764 in 1901, and her national expenditure has increased from £91,314,000 in 1885 to an average of more than £200,000,000 at the present time. Russia pursues her aim with that tenacity of purpose which is one of her characteristics. Her defeat in Eastern Asia will not stop her for long.

If we consider Russia's policy we must at least give a parting glance to the intellectual leader of her policy. The leading statesman in Russia is not her Minister for Foreign Affairs, but K. Pobiedonostzoff, the Procurator of the Holy Synod. Having been a teacher of Alexander III. in 1860, Pobiedonostzoff's direct and indirect influence over the reigning family and over the Russian Government has been very powerful under Alexander II. and Alexander III., and continues to be so under Nicholas II. That is said to be the reason why the policy of the Russian Foreign Office under Giers, Lobanoff, Mouravieff, and Lamsdorff has shown such remarkable uniformity. Pobiedonostzoff is an absolutist and a zealot, who combines with the zeal of the fanatic the subtlety of the diplomat. Theologically he considers the Russian Church as the only true Church in Christendom, as willed by God and proved by History. He considers himself as a man with a great and glorious mission—to Russianise the world—and he is aware that nothing can further his plans more than Russia's conquest of Constantinople. A man with such views and such a character is extremely dangerous to the peace of Europe.

When Russian and German statesmen dispassionately survey the past and consider the aims and ambitions of their country, Russian statesmen will probably bitterly regret that they have strengthened Germany in the past, and German statesmen will as strongly regret that they have not succeeded in weakening Russia more than they have done. Only in one point Russian and German statesmen may be found to agree, and that is in the conviction that the interests of Slav and Teuton are diametrically opposed and irreconcilable, that the Slav bars the way of the Teuton and the Teuton bars the way of the Slav towards development and power, that only one of the two races can live and prosper, and that therefore a struggle for life and death between them is unavoidable.

The apparently irresistible progress of Russia in every direction—for she should soon recover from her defeat by Japan—seems to many people as great a menace to liberalism, freedom of thought, and toleration—one might almost say to the civilisation and progress of the world—as was the victorious progress of the Turks in the Middle Ages. However, the triumphant advance of the Turks was stopped by Germanic nations on German soil. History may repeat itself, and Germany may be destined to save Europe from invasion for the second time. Perhaps the Russian nightmare will end like the Turkish bubble, and future generations may wonder, as we wonder now when thinking of the Turks of old, that barbarism ever could have been so strong.

If we review the Slavo-Teuton problem in all its bearings, it would seem that the differences existing between Slav and Teuton can only be decided by war. That these differences should be settled by

mutual agreement appears unlikely in view of the narrow theatre of Europe in which the main interests of both races are centred.

The development of the coming struggle between Slav and Teuton should be watched by Great Britain with the equanimity of a disinterested spectator. It would seem the height of folly if she should unnecessarily join the fray. Likewise it would seem the height of folly if Great Britain should come into collision with either Russia or Germany before the great struggle between Slav and Teuton has been decided. An Anglo-Russian war would only serve to further Germany's plans, and put Constantinople in her reach, if not in her actual possession ; an Anglo-German war would benefit Russia, and might enable her to take Constantinople.

As the Teutonic and the Slavonic elements of Europe, with their allies and possible allies, are about equally strong, Great Britain can well afford to leave the settlement of the Eastern question in the hands of the Continental nations which are most directly interested in it. In fact, Slav and Teuton, with their following, are so well matched that both must avoid serious entanglements with third nations lest the other should raise the Eastern Question. If Great Britain keeps aloof from both camps, neither Russia nor Germany will be able to disturb the peaceful development of the British Empire, and in the struggle between Slav and Teuton Great Britain will become the balance-holder and will enjoy all the advantages springing from that position.

Naturally enough we shall be told by our Russian friends that Germany is our dangerous rival in trade. On the other hand our German friends will point out to us that our position in the Mediterranean

would be endangered if Russia should occupy Constantinople. The former argument hardly needs an answer; the latter argument is no doubt weighty, and it will certainly appeal to many Englishmen. However, this argument should be refuted by one of greater strength. Those who wish to draw us into the Slavo-Teutonic struggle, which after all does not concern us, should be told that the Russian occupation of Constantinople threatens only a British trade route, which is not of vital importance to the empire, but that it threatens at the same time Germany's national existence and the future of the German race.

In view of these circumstances, it would seem that Great Britain would be well advised to regard the Eastern Question with indifference, and that British diplomacy should declare, what German diplomacy has so loudly and so frequently declared: The question of Constantinople is of no immediate interest to this country.

CHAPTER IV

GERMANY'S WORLD POLICY AND HER ATTITUDE TOWARDS ANGLO-SAXON COUNTRIES

Up to 1870 the ambitions of the Germans were for national unity and for a leading rôle among the Continental nations. Since this object has been achieved by Bismarck's genius, and since the fabric of the German Empire has been consolidated and strengthened, the German horizon has rapidly been enlarged. Though not unmindful of her exposed Continental position and of the possibility of seeing her empire expanding east, south, and west, by the absorption of the German population in the Baltic Provinces of Russia, in Austria, and Switzerland, and of the "Low Germans" of Holland, her ambition has grown, and is still growing, to become a great colonial power.

Many decades back some of the greatest German thinkers, including Treitschke, Schliemann, Roscher, List, Droysen, and many others, pointed out that the problem of disposing of Germany's surplus population in a temperate zone was an urgent one, but at the time when these men wrote and spoke Germany was still divided against herself and was powerless and poor. She then possessed neither a navy nor a merchant marine worthy the name, nor manufacturing industries, nor foreign commerce, and for some thirty years the agitation for colonies was restricted to the Universities, being ignored or even discountenanced

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in official and in commercial circles. Nothing illustrates the attitude of the German people and Government in those times better than the acquisition, in 1848, of a small fleet paid for largely by the voluntary contributions of colonial enthusiasts, and its subsequent sale by auction, in 1852, by the Government.

During the last sixty years, but especially since Germany's consolidation in 1871, the population of the empire has increased with wonderful rapidity. The population of Germany within her present limits has risen as follows :—

	German population	Average increase per annum
1840	32,800,000	—
1850	35,400,000	260,000
1860	37,700,000	230,000
1870	40,800,000	310,000
1880	45,200,000	440,000
1890	49,400,000	420,000
1900	56,300,000	690,000
1905	60,400,000	820,000

At present the German population is estimated to increase by no less than 900,000 per annum. German emigration, which accounted for the loss of 220,000 citizens in 1881, has sunk to only 22,309 in 1900, but as a matter-of-face this slight loss in population has been more than counterbalanced during the last few years by immigration into Germany from Austria, Russia, and Italy. Professor Schmoller estimates that the German population will amount to 104,000,000 in 1965, Hübbe-Schleiden prophesies that it will rise to 150,000,000 in 1980, and Leroy-Beaulieu, the first French authority on these things, has estimated that it will be 200,000,000 within a century. With so rapid an increase of the population in view, it becomes clear that the question of over-population, and of eventual emigration, may soon become a pressing

one for Germany. But Germany is loth to strengthen foreign nations, her present and future competitors, with her emigration, which earlier or later must set in in a powerful stream. Hence it comes that the necessity to provide in advance for future emigration is clearly recognised by the German Emperor and his advisers, by German business men, and by the people. The existing German colonies do not offer an outlet for the emigration of white men. Consequently the resolution has arisen to acquire colonies in a temperate zone whenever and wherever possible.

The rooted conviction that Germany must possess colonies almost at any price, which sixty years ago emanated from professorial circles, gradually pervaded the whole nation from the highest to the lowest.

The German politicians and bureaucrats, who had no experience in colonial policy, who often lacked sympathy, understanding, enterprise, and imagination regarding colonial matters, and who viewed the turbulent clamour for colonies of the professor-led multitude with the hearty dislike with which the initiative of the people is frequently viewed by official Germany, quickly became the most enthusiastic and the most uncompromising of colonial fanatics when the Emperor lent the unreserved support of his powerful personality to the colonial movement, and gave to it its anti-Anglo-Saxon character.

Astonishment has been frequently expressed in this country at the peculiar and forceful means by which Germany tries to acquire colonies, but those who are well acquainted with the character of official and unofficial Germany cannot wonder at those means. Present-day Germany owes her greatness to the sword, and her national character has nothing in common with the better-known character of the Germany of

former years, which is wrongly imputed by many to the present Empire.

In old Germany the centre of gravity lay in the more easy-going south, and her character resembled that of present-day Austria. New Germany has been conquered by the East Prussian nobility, the descendants of those hardy knights of the Teutonic Order, who, in the twelfth and thirteenth centuries, wrested East Prussia from the Slavs in countless battles, and converted the independent heathen inhabitants into obedient Christian serfs. The East Prussian nobility ruled the aboriginal inhabitants of Prussia with the greatest harshness, and various mediæval institutions—for example, serfdom—prevailed in Prussia even in the eighteenth century. Though serfdom in Prussia was nominally abolished in 1807, its last remnants continued to exist until a short time ago, and even now the downtrodden peasant in East Prussia calls his master "Herr Wohlthäter" (Mr. Benefactor), humbly kisses the hands of the squire and of his children, and the hem of his wife's garment, and submits to correction by the whip. East Prussia, with her arrogant nobility and submissive peasantry, strongly resembles her neighbour Russia, in which country also the nobility and the Government established themselves by force. In East Prussia, as in Russia, the nobility are wasteful, their estates are encumbered with mortgages, the peasantry are ignorant, poor, and hard-worked, manufacturing industries are practically non-existent, and the only way to acquire money known to noblemen is by force or by craft, not by industry. The descendants of the valorous Teutonic knights do not introduce industries on their estates, or up-to-date methods into agriculture, as will be shown in another

chapter, but try to extort from the Government high protective tariffs through their representatives in the Reichstag, the Agrarians.

The best example of the new German spirit is afforded by Bismarck, who was a typical East Prussian in his policy and in his methods. His appearance and his personality suggest that he had a considerable amount of Slav blood in him; at all events, Slavs and Slav methods were most sympathetic to him, and nowhere did he feel more at home than amongst the Russians in Russia. Bismarck's political and diplomatic methods, which were new to Germany, have made her great, and, owing to the assiduous and somewhat uncritical Bismarck cult which is carried on in that country, these methods have become in German eyes the natural and classical methods of German statecraft and diplomacy.

The East Prussian squires have always been considered to be the chief pillars of the throne, and they occupy the most important official positions in Prussia and in Germany. Consequently, it is only natural that, when the question of acquiring colonial possessions came to the front, through the action of the present Emperor, Prusso-German officialdom turned instinctively to those means which had proved so eminently successful in the past under Bismarck. It did so the more readily as to the Prusso-German official, who has grown up in feudalistic ideas, the liberal Anglo-Saxon institutions are as hateful as they are to the Russian official, for the spreading of the Democratic idea threatens to subvert the reign by caste and to destroy the privileged position of bureaucracy. To the German or Russian patriot, who looks back upon the glorious history of his country by conquest from the small beginnings made by the

Hohenzollerns and the Ruriks, the continued expansion of his country by conquest seems as natural and as legitimate as does expansion by peaceful means to the Anglo-Saxon, and to him the sword is not the *ultima ratio Regis*, but the usual and natural means of expansion and nationalisation.

It is, unfortunately, only too true that the recent anti-British, as well as the late anti-American, movement in Germany was not a spontaneous outburst of irresponsible popular opinion, as it has been described by the inspired part of the German press and by the Germanophil part of the British press, but an agitation which was kindled, fanned, and infuriated, so that at last it got quite beyond control, by those who now explain it as being an irresponsible and spontaneous outburst of popular passion. The anti-British, as well as the anti-American, movement directly emanated from the Government and those near it, and was assisted by the intellectual leaders of the nation at the Universities. It was not caused by sympathy with the Boers or the Spaniards, but solely by the appetites and ambitions of the German colonial enthusiasts.

In considering the opinions expressed by leading Germans on German colonial expansion and on Anglo-Saxon countries, the fact that those opinions are by no means merely the private opinions of irresponsible private citizens should never be lost sight of. The rigorous discipline which Germany enforces on her citizens is doubly rigorous in respect of officials and officers both on active service and on the retired list. An opinion unfavourable to the Government or to a measure taken by the Government, even though it be privately expressed by an official or an officer, will, if reported to his superior, bring on him severe

"disciplinary" punishment, or even dismissal. The Government can also bring considerable pressure to bear upon the nominally independent University professors, who all thirst after preferment by the State, titles, and decorations. Consequently, it may be said that the publicly expressed opinions of acting and retired officials and officers, and of the University professors, with regard to German colonial policy and Anglo-Saxon nations were on the whole approved of and endorsed by the Government.

The anti-Anglo-Saxon agitation by German professors should not be taken too lightly, for German professors have in the past played a great part in German history. The renascence of Prussia after her collapse in 1806–1807 was largely due to the patriotic activity of the German professors, among whom professors Arndt, Fichte, and Niebuhr were most prominent, and the unification of the German Empire was their ideal and constant thought long before the advent of Bismarck, though they intended to attain it by methods less vigorous than those of blood and iron. The old national Parliament of Frankfort and the German fleet of 1848 are witnesses to their aims. Therefore professorial utterances on matters of policy should not be dismissed as being only "irresponsible professors' talk." The professors are a great power in Germany.

German politicians and German colonial enthusiasts think very highly of the value of tropical colonies, but the acquisition of settlement colonies in a temperate zone is their principal aim and ambition, because these would afford an outlet to the rapidly increasing German population. Seeing that most habitable and thinly-populated lands over sea are in Anglo-Saxon hands, official and unofficial Germany

have been seriously considering the question whether it would be possible to wrest suitable territories from Great Britain or America. In making their plans for colonial expansion and surveying their chances against Anglo-Saxon countries, the Germans have come to the conclusion that Great Britain is a senile nation which is declining, and that the United States are a young and vigorous nation, whose political future and military potentialities seem unlimited unless, indeed, their progress be arrested by force. The plans of the colonial enthusiasts, and probably of official Germany as well, are shaped in accordance with these views.

The official and semi-official publications of Germany are of course very careful not to reveal Germany's ultimate aims as a world power, which can only be gauged from the opinions and hopes expressed by persons who move in well-informed circles. Those ultimate aims which are in everybody's mouth in Germany are expressed with delightful candour in a pamphlet, "Die Abrechnung mit England," by C. Eisenhart, Munich, 1900. In this book we are shown how Germany, with the help of her new fleet, first destroys the navy of Japan and gains a footing in the East; how afterwards, whilst Great Britain is crippling Russia in Asia for the convenience of Germany, she destroys the British fleet; and, lastly, how the "insolence" of the United States is punished by their complete defeat, Germany's victories resulting in the acquisition of the best Anglo-Saxon colonies, including Australia, and in Germany's paramountcy over Anglo-Saxondom the world over. To this writer, as to many others, German world policy is synonymous with German world supremacy and German domination over the entire globe. Another

candid writer, who, however, either does not see as far as Mr. Eisenhart, or who does not care to make known to the world the whole of his views, from political considerations, says in his book, "Deutschland beim Beginn des Zwanzigsten Jahrhunderts," Berlin, 1900 :—

"We consider a great war with England in the twentieth century as quite inevitable, and must strain every fibre in order to be prepared to fight that war single-handed. The experience of all time shows that colonial empires are more fragile and less enduring than continental empires. We do not require a fleet against France or Russia, let them even ravage our coasts in case of a war. We require a fleet *only against England.*"

In a similar strain the *Koloniale Zeitschrift* writes on the 18th January 1900 :—

"The old century saw a German Europe; the new one shall see a German world. To attain that consummation two duties are required from the present German generation; to keep its own counsel and to create a strong naval force."

Again, on the 28th March 1900, the same journal says :—

"The nineteenth century was not the German century; it was the Prussian century. In the history of the world the twentieth century will be called the German century."

In a leading article entitled "German World Policy," the *Deutsches Wochenblatt* writes on February 1st, 1899 :—

"It can hardly be doubted that at the outbreak of the next great war Russia will take Constantinople. . . . It is possible that a general war against England will come before the breakdown of the Ottoman Empire. . . . If Russia attracts to herself the Slavonic peoples round the Danube, our way *via* Salonika towards Asia Minor and Suez will be lost for all time. . . . Our motto should be: With the whole Continent against England; with Austria against Russia when the time comes."

"Teutonicus" writes in the same journal on August 19th, 1899:—

"Our adversaries in a naval war would probably be our Samoa partners (the United States and Great Britain). . . . Now, as ever, the existence of our fleet depends upon the good will of England. Therefore, it is clear that the North Sea will be the theatre of war where our fate will be decided, whether we fight for our interest in the China Seas or on the eastern coast of America. Consequently, in a future naval war, our North Sea fleet and our army of embarkation would be mobilised at the moment when the English Mediterranean fleet should effect a suspicious movement."

These utterances are more than the bombastic rodomontades of fantastical sensation-mongers, for the authors of them have palpably taken their cue from the no less unmistakable though slightly more diplomatically expressed utterances of the Emperor, who set the ball rolling and gave to the colonial movement its aggressive character by pointing out that German colonial ambitions could only be satisfied *after Germany had secured the supremacy on the ocean*—that is, at the cost of Anglo-Saxon countries. As far back as the 24th April 1897, William II. said in Cologne at a banquet: "Neptune with the trident is a symbol for us that we have new tasks to fulfil since the empire has been welded together. Everywhere we have to protect German citizens, everywhere we have to maintain German honour: that trident must be in our fist!" On other occasions his Majesty coined the winged words, "Our future lies upon the water." "Without the consent of Germany's ruler nothing must happen in any part of the world." "May our Fatherland be as powerful, as closely united, and as authoritative, as was the Roman Empire of old, in order that the old 'Civis

Romanus sum' be replaced by 'I am a German citizen'!"

On the 18th of October 1899, his Majesty made a speech in which he said, "We are in bitter need of a strong German navy. . . . If the increase demanded during the first years of my reign had not been continually refused to me in spite of my pressing entreaties and warnings, for which I have even experienced derision and ridicule, how differently should we be able to further our flourishing commerce, and our interests over sea." It can hardly be doubted that the Emperor's bitterness at his inability to "further our interests over sea" was caused by the political situation in South Africa. At the time when he was speaking the Boer ultimatum had been despatched only nine days, and a strong German fleet, had it then existed, might no doubt have been able to further "the German interest in the Transvaal as an independent State." On the 1st of January 1900, the Emperor William announced in a speech his determination to possess an overwhelmingly strong navy, in the following words: "As my grandfather reorganised the army, so I shall reorganise my navy, without flinching and in the same way, so that it will stand on the same level as my army, and that, with its help, the German Empire shall reach the place which it has not yet attained."

It may be objected that these and similar utterances of his Majesty were the spontaneous and ill-considered private opinions of a private man who happens to be the head of the State, not *pronunciamientos* deliberately launched by the head of the Empire; that they were in fact not sanctioned by the official representatives of German policy, and, therefore, devoid of political significance. People

who express such views are evidently ignorant of the far-reaching, nay, almost unlimited, political power vested in the German Emperor under the German Constitution, and are not aware that William II. is virtually his own Chancellor.

Similar views to those pronounced by the German Emperor were also uttered by his responsible ministers. For instance, on the day of the disaster at Magersfontein, the 11th of December 1899, the Secretary of State for Foreign Affairs, Prince Bülow, said in the Reichstag in support of an immensely increased naval programme: "The necessity to strengthen our fleet arises out of the present state of the world, and out of the circumstances of our over-sea policy. Only two years ago, no one would have been able to foresee in which way things would start moving. It is urgent to define the attitude which we have to take up in view of what is happening. . . . We must create a fleet strong enough to exclude attack from *any* Power." Again, a fortnight after the disaster of Spion Kop, Admiral Tirpitz, the Secretary of State for the Imperial Navy, spoke thus: "We do not know what adversary we may have to face. We must therefore arm ourselves, with a view to meeting *the most dangerous naval conflict possible.*" Prince Bülow said on the 12th of June 1900, "It is necessary that Germany should be strong enough at sea to maintain German peace, German honour, and German prosperity, all the world over." In all these official speeches a distinct hint was conveyed as to the probability of a conflict with Great Britain, from whom the supremacy at sea was to be wrested, and the regret was guardedly expressed that Germany could not turn the British difficulties and disasters in South Africa to account, owing to the weakness of her fleet.

That the German Emperor's phrase, "That trident must be in our fist," was not merely a metaphor spontaneously born from banquet-heated enthusiasm, but the deliberate statement of a well-considered policy, may be seen from the dry, matter-of-fact preamble to the German Navy Bill of 1900, which says: "*Germany must have a fleet of such strength that a war against the mightiest Power would involve risks threatening the supremacy of that Power.*" Some time ago Mr. Bassermann, the leader of the Liberal Party in the German Reichstag, thought it necessary to endorse also, on behalf of his party, the official utterances quoted in the foregoing, and said at the Liberal Party Congress on the 13th October 1903: "In our attitude towards England we must keep cool, and, until we have a strong fleet, it would be a mistake to let ourselves be drawn into a hostile policy towards her. . . . The development of the United States of North America and their desire for expansion is likewise a lesson for us not to be forgetful of our armaments, especially at sea."

Bearing in mind the dependence of German public opinion upon the views of the Emperor and his Government, it need hardly be asserted that the official and authoritative utterances cited above were carefully weighed and well-considered, and that official statements such as these were responsible for the less veiled, but more forcible, views expressed in "Die Abrechnung mit England," "Deutschland beim Beginn des Zwanzigsten Jahrhunderts," the *Koloniale Zeitschrift*, the *Deutsches Wochenblatt*, and hosts of others, and that the violent anti-British campaign had little or nothing to do with German sympathy with the Boers.

Four years ago, M. E. Lockroy, who has been

three times Minister of Marine in France, and who will probably return to that office, visited Germany and was allowed to inspect the German fleet and dockyards, even to the smallest details. That this permission was granted to Germany's "hereditary enemy" seems astonishing, unless we bear in mind that the numerous advances to France, latterly made by the German Emperor and his Government, are less aimed at insuring the peace of Europe, or at breaking up the Dual Alliance, than at securing the assistance of the French fleet for the overthrow of Great Britain. This view has repeatedly been expressed in *Die Grenzboten*, by far the most influential political weekly in Germany, which has very frequently spoken with the authority of the German Foreign Office. In view of the close relations existing between that journal and the German Foreign Office, the views expressed in it are of exceptional weight and interest, and they will consequently be occasionally cited hereafter. On the 5th October 1899, an article appeared in *Die Grenzboten*, which said :—

"All differences between France and Germany benefit only the nearly all-powerful enemy of the world. As long as the French keep one eye fixed on Alsace-Lorraine, it is no good that they occasionally look at England with the other eye. Only when the German fleet has a strength commensurate with her sea interests, will the French seek our friendship instead of being humiliated by their hereditary enemy."

M. Lockroy, who might become an important factor in favour of a Franco-German alliance, in the probable event that he should return to the Cabinet, seems not to have been left in the dark about Germany's ambitions by his official German hosts, for in his "Lettres sur la Marine Allemande," which appeared in 1901, he sums up his impressions about

the purpose of the German navy in the following way :—

"Germany will be a great naval power in spite of her geographical position and history. Her claim to rule the waves will bring on a war with Great Britain earlier or later. That war will be one of the most terrible conflicts of the twentieth century. What its result will be no one can foretell, but so much is sure, that Germany does everything that human forethought and the patience and energy of a nation can suggest."

His words evidently confirm the existence of the wish of German diplomacy to form an anti-British alliance with France, a wish which was hinted at in 1899 in *Die Grenzboten*, and in many other inspired journals. This wish dictated also the numerous personal advances made by William II. to individual Frenchmen, and the political advances made by German diplomacy. These personal and diplomatic advances deserve the greater notice as German statesmen were well aware that France would have been found on the side of Great Britain had the outcome of the famous Kruger telegram been a war between this country and Germany, and therefore Germany's assiduous advances to France are most remarkable and very portentous.

The views of the most distinguished and most respected German professors with regard to Germany's policy of colonial expansion at Anglo-Saxon cost coincide with those expressed in "Die Abrechnung mit England" and similar publications, and breathe the fiercest hatred against Anglo-Saxon countries, especially against Great Britain, the more immediate object of Germany's attention.

Count Du Moulin-Eckart, professor of history at Munich, wrote in his book, "Englische Politik und die Mächte" :—

'Our present relations with England are similar to our former relations with Austria. To both nations we are related by race, by both we have been hampered in our progress, and by both we have been deceived times without number. Time will show whether co-operation with England is possible. If it be impossible, a war will become necessary, and then: Hail thee, Germany! May the genius of a Bismarck grant us then a second Königgrätz!"

Professor Schmoller, a most prominent lecturer on political economy at the Berlin University, a member of the Prussian Privy Council and of the Prussian Upper Chamber, gave a lecture in Berlin, Strasburg, and Hanover, which has been largely circulated in print, in which he said:—

"In various States, arrogant, reckless, cold-blooded daring bullies (Gewaltmenschen), men who possess the morals of a captain of pirates, as Professor Brentano called them so justly the other day, push themselves more and more forward and into the Government. . . . We must not forget that it is in the freest States, England and North America, where the tendencies of conquest, Imperial schemes, and hatred against new economic competitors are growing up amongst the masses. The leaders of these agitations are great speculators, who have the morals of a pirate, and who are at the same time party leaders and Ministers of State. . . . The conquest of Cuba and the Philippines by the United States alters their political and economical basis. Their tendency to exclude Europe from the North and South American markets must needs lead to new great conflicts. It must also not be forgotten how England tried to wreck our Zollverein, how she tried to prevent us from conquering Schleswig-Holstein, and how anti-German she was in 1870. . . . These bullies (Gewaltmenschen), these pirates and speculators *à la* Cecil Rhodes, act like poison within their State. They buy the press, corrupt ministers and the aristocracy, and bring on wars for the benefit of a bankrupt company, or for the gain of filthy lucre. Where they govern modesty and decency disappear, as do honesty and respect for justice. Legitimate business cannot maintain itself, and all classes of society are exploited and ill-used by a small circle of capitalistic magnates, stock-

jobbers, and speculators. . . . We mean to extend our trade and industries far enough to enable us to live and sustain a growing population. We mean to defend our colonies, and, if possible, to acquire somewhere agricultural colonies. We mean to prevent extravagant mercantilism everywhere, and to prevent the division of the earth among the three world powers, which would exclude all other countries, and destroy their trade. In order to attain this modest aim we require to-day so badly a large fleet. The German Empire must become the centre of a coalition of States, chiefly in order to be able to hold the balance in the death-struggle between Russia and England, but that is only possible if we possess a stronger fleet than that of to-day. . . . We must wish that at any price a German country, peopled by twenty to thirty million Germans, should grow up in Southern Brazil. Without the possibility of energetic proceedings on the part of Germany our future over there is threatened. . . . We do not mean to press for an economic alliance with Holland, but if the Dutch are wise, if they do not want to lose their colonies some day, as Spain did, they will hasten to seek our alliance."

Another distinguished professor of political economy, Professor Dr. von Schäffle, wrote in the *Münchener Allgemeine Zeitung* on the 4th of February 1898 :—

"The progress of our sea commerce has become so immense that Germany must be prepared for anything on the part of her rivals. Let us not deceive ourselves. The English, if they can summon up the necessary courage, will try at the first opportunity to give the deathblow to our commerce over sea, and to our export industries. The Transvaal quarrel has made evident what we have to expect. Cecil Rhodes, Chamberlain, and their accomplices, are, in this respect, only types of the thought and intentions of present-day England towards new Germany. Great Britain will move heaven and hell against the sea commerce of the new German Empire as soon as she can."

Another eminent scientist, the professor of political economy, Von Schulze-Gaevernitz, wrote in the *Nation*, the 5th of March 1898 :—

"In order to strengthen the sensible and peaceable elements in England, and to confine commercial envy within harmless bounds, we require the defence of a fleet. . . . The British Cape to Cairo idea is opposed to French and German interests, but German vital interests would be affected by British control of the still undivided portion of the world especially of China and of Turkey.

Then, referring to the rapid colonial expansion of Great Britain during the last decade, he significantly adds: "But should in future the day of liquidation arrive, Germany must have the power to participate in it."

Professor Mommsen, probably the greatest historian of modern times, wrote regarding England in the *North American Review* for February 1900:—

"The repetition of Jameson's Raid by the English Government (I won't say the English nation), dictated by banking and mining speculations, is the revelation of your moral and political corruption."

The former Under-Secretary of State, professor of political economy, Von Mayr-Strasburg, wrote in the *Münchener Allgemeine Zeitung*:—

"Our national policy requires the firm backbone of a strong fleet in order to oppose with energy the brutal instincts of exporting countries, especially of those which export agricultural produce. Our commercial policy requires it in order to give to our home industries the certainty of the continued supply of raw material and of open markets for their exports."

Hans Delbrück, the distinguished professor of history at Berlin, and former tutor to Prince Waldemar of Prussia, wrote in the *North American Review* of January 1900:—

"England insists upon being the only great commercial and colonial power in the world, and is only willing to allow other nations the favour of owning small fragments as

enclaves wedged in helplessly between her possessions. This it is which we neither can nor intend to tolerate. . . . The good things of this world belong to all civilised nations in common. As England is not expected to give way peaceably, and as her great naval power cannot be overwhelmed by a single State, the best remedy would be the alliance against her of all her rivals together, especially of Russia, France, and Germany. . . . Such is the state of public opinion in Germany. There is only one person in the whole country who thinks otherwise, and that is the Kaiser."

From the foregoing small but representative selection of professorial opinions expressed by the *élite* of the German professors, which might easily be increased sufficiently to fill a volume, the nature of Germany's colonial ambitions and the cause of her fanatical hatred against Anglo-Saxondom, which found expression in the late anti-British movement, should be sufficiently clear.

The last phrase of Professor Delbrück, "There is only one person in the country who thinks otherwise, and that is the Kaiser," was literally true at the time when it was written, for the combined agitation by the official classes, the Universities, the entire German press, and the Protestant clergy, had roused Germany to a frenzy of hatred; and though the "poor Boers" were constantly in the mouth of the multitude, the utterances of the leaders, like those cited, make it clear that the clashing of German colonial ambitions and Anglo-Saxon interests, not German sympathy with the Boers, was at the bottom of the anti-British propaganda.

For the practical politician it is not only of the greatest interest to be aware of the existence of an aggressive, powerful, and therefore dangerous current of political sentiment that pervades a neighbouring nation, such as the colonial movement in Germany,

with its aggressive anti-Anglo-Saxon tendency, but it is important also to be acquainted with the ways and means by which such a sentiment is likely to be translated into action. In attempting to make a forecast of what Germany is likely to do in order to acquire colonies, we must learn from her past, and we must, before all, take note of the fundamental differences between German and Anglo-Saxon policy.

Owing to the rule of democracy, Anglo-Saxon diplomacy works in the full glare of publicity, and cannot pursue a far-seeing, secret, or unscrupulous policy, but is forced to take short views and to act honestly; whilst German as well as Russian Cabinet policy is enabled to work with infinite patience and foresight, and in absolute secrecy, because it is unhampered by popular control. An example will illustrate this point. Between 1860 and 1863 an expedition, sent out by the Prussian Government, and accompanied by the celebrated geographer, Freiherr von Richthofen, explored China, Japan, and Siam. After the most painstaking investigation of the Chinese coast and mainland, Freiherr von Richthofen came to the conclusion that Kiau-chow was in every respect by far the most valuable harbour of China, and when, in 1897, more than thirty years after his survey, two German missionaries were murdered in China, Germany immediately occupied Kiau-chow, which port was certainly not selected by coincidence.

Besides remembering the powerful and aggressive colonial ambitions of Germany, and the foresight, tenacity, patience, and secrecy of German diplomacy, we should also bear in mind the boldness and the startling rapidity of her military action as shown in 1866 and 1870. Furthermore, in order to under-

stand in what way German colonial ambitions may affect her policy in the future, we should study the effect of Germany's colonial ambitions upon her foreign policy during the last few years.

On the 5th May 1898, a few days after the outbreak of the Spanish-American War, *Die Grenzboten*, the most influential political weekly, which is frequently inspired by the Government, wrote, probably not without official sanction :—

"The number of Germans in the United States amounts to nearly twenty millions, but many of them have lost their native language or their German names. Nevertheless, German blood flows in their veins, and it is only required to gather them together under their former nationality in order to bring them back into the lap of their mother Germania. The German volunteers will, of course, have to pay the heaviest blood tax in the war, as they alone form the warlike element of the army. The promiscuous mob of Englishmen, half-breeds, Irish, and negroes, is too incoherent and too unmilitary to show any soldierly qualities. Nevertheless, Germanism has to take a back seat in the army, and generals' positions are almost exclusively in the hands of Englishmen.

"We have to consider that more than three million Germans live as foreigners in the United States, who are not personally interested in that country. A skilful German national policy should be able to manipulate that German multitude against the shameless war speculators."

Had the issue of the Spanish-American War been unfavourable to the United States, or had the attempt at forming an anti-American coalition succeeded, the "skilful manipulation" from Berlin of the German vote "against the shameless war speculators," might have been possible, and might have borne much fruit to German diplomacy. Germany's miscalculation as to the issue of the war, and as to the strength and leanings of the German-Americans, seems to have

caused great disappointment in Berlin. This disappointment appears to have been responsible for the reckless provocation which Admiral Dewey received from Admiral Diedrichs before Manila, and which very likely would have resulted in hostilities between the American and German fleets, had it not been for the timely presence of the British squadron and the determined attitude of its admiral.

During the South African War the clashing of German colonial ambitions and Anglo-Saxon interests became particularly marked, because in Africa German colonial ambitions were clearly defined, and had become the ambitions of the nation and of the populace ; in the Spanish-American War they were vague and hazy, and exclusively the ambitions of German diplomacy, for to the German masses the Spanish-American War had little significance. Already in 1884, at the beginning of her colonial career, Germany attempted to gain a footing in Santa Lucia Bay with an eye to the possibility of joining hands with the Boer republics close by, and of gaining, with their help, supremacy in Africa, but Bismarck's attempt was foiled by the incapacity of his son, who conducted the negotiations in London.

Undaunted by her first failure, Germany continued to believe that her best chance of acquiring settlement colonies lay in South Africa, and worked patiently and in silence for the attainment of her ambition. The Jameson Raid gave her a rude awakening ; she feared the absorption of the Boer republics by Great Britain before either Germany or the Boers were ready to co-operate. In his anxiety to maintain his hold upon South Africa, the German Emperor sent his celebrated telegram to Mr. Kruger, thus prematurely revealing Germany's innermost ambitions

with regard to South Africa. The existence of these ambitions was still further proved by Baron Marschall von Bieberstein's official declaration that "the continued independence of the Boer republics was a German interest."

By the Emperor's impetuousness, Germany's ultimate aims regarding South Africa were clearly disclosed to Great Britain, a mistake which Bismarck would never have committed, and the Kruger telegram and the attitude of the semi-official press left the German nation with the erroneous impression that the British Government had been behind Jameson, and that the Emperor's veto had, once and for all, put an end to the aggressive plans of Great Britain. Thus misled, it was not unnatural that the Germans believed themselves to be the masters of the situation in South Africa, and that the German press constantly advocated the expulsion of Great Britain from that country. For instance, on the 4th July 1895, a few months after the Jameson Raid, *Die Grenzboten* wrote :—

"For us the Boer States, with the coasts that are their due, signify a great possibility. Their absorption into the British Empire would mean the blocking up of our last road towards an independent agricultural colony in a temperate clime. Will England obstruct our path ? If Germany shows determination, Never ! "

After surveying the globe, official Germany had evidently come to the conclusion that South Africa would be an ideal colony for her, more desirable even than South Brazil, and that the most natural way to acquire it would be to wrest it out of British hands with the help of the Boers. *Die Grenzboten* wrote on the 15th April 1897 :—

"The possession of South Africa offers greater advantages in every respect than the possession of Southern Brazil. If we look at the map our German colonies look very good positions for attack."

In a similar strain the *Koloniales Jahrbuch* for 1897 wrote:—

"The importance of South Africa as a land which can receive an unlimited number of white immigrants must rouse us to the greatest exertions, in order to secure there supremacy to the Teuton race. The greater part of the population of South Africa is of Low German descent. We must constantly lay stress upon the Low German origin of the Boers, and we must, before all, stimulate their hatred against Anglo-Saxondom. . . . No doubt the Boers will, with characteristically German tenacity, retake their former possessions from the English by combining slimness with force. In this attempt they can count upon the assistance of the German brother nation."

These quotations contain an unmistakable programme and a very interesting forecast.

As the idea that Germany was the heir-presumptive to South Africa was constantly discussed in the German press, that idea sank deeper and deeper into the German mind, and the succession to her inheritance soon became, with the masses, an impending event to be looked forward to. It was only a question of time when that event would come to pass. In German eyes South Africa had become indispensable to Germany, it was already half-way reckoned as a national asset by the masses, and in innumerable lectures, books, and articles, its resources and possibilities were discussed.

Whilst despatches regarding the suzerainty of the Transvaal were being exchanged between Great Britain and that country, the leading organs of the German press continued preaching the expulsion of the British from South Africa, an action calculated to strengthen

the resistance of the Boers against British demands, and to make them look to Germany for protection. On the 16th June 1898, when war between the Transvaal and Great Britain seemed unavoidable, *Die Grenzboten* wrote :—

"The existence of the Boer States makes it, perhaps, possible to regain the lost colony, including Delagoa Bay. Here in the north of Cape Colony a well-considered German policy must be pursued, and the Emperor's telegram to Kruger has already demonstrated our firm will to return the Gladstonian 'hands off' to the English. The possession of the natural harbour of Delagoa Bay is a vital condition for the Low German States in South Africa. Without Low Germanism in South Africa our colonies are worth nothing as settlements. Our future is founded upon the victory of Low Germanism, and upon the expulsion of the English from South Africa, where, even in Cape Colony, they are still in the minority. The prosperity of our South African colonies, which singly are worth as little as Cameroon and Togo, depends upon the possibility of connecting those two colonies, whereby England will be confined to the south, and the dream of a great British colonial empire from the Cape to Cairo will vanish."

If we look at the South African question from the German point of view, and remember how German diplomacy had plotted and laboured for the acquisition of South Africa for fifteen years and more, how the telegram and the speeches of William II. and the attitude and propaganda of the German press had created the universal belief in Germany that Great Britain could not move in South Africa without Germany's consent, and that Germany's influence there was becoming paramount, we can understand with what dismay and exasperation the outbreak of the South African War and the prospect of seeing the Boer States absorbed by Great Britain was greeted by the German people.

The disappointment felt in German official circles was no less keen, and, not unnaturally, the question suggested itself whether Great Britain's progress in South Africa might not be stopped by force. Remembering her failure to form a coalition against Great Britain in 1895, and against the United States in 1898, Germany found herself isolated and unable to save South Africa for herself. The large naval programme of 1898, providing for seventeen battleships, &c., coincided with the Spanish-American War. Similarly, the outbreak of the South African War coincided with the German Navy Bill of 1900, providing for a further huge increase. Smarting under the sense of her impotence to act single-handed against Great Britain, the Navy Bill of 1900 was brought forward, which was to provide a fleet of such strength that, according to the preamble of the Bill, "a war against the mightiest naval power would involve risks threatening the supremacy of that power." That fleet was to cost about £100,000,000, and will probably cost considerably more. In spite of that staggering amount, the Navy Bill was rapidly passed, for its object to destroy the power of Great Britain was greeted with delight by the nation, and with hysterical jubilation by the masses. At last Great Britain was to be brought to her knees.

It has been asserted in this country that the powerful Social Democratic Party might prove an effective obstacle to the execution of Germany's colonial ambitions, because that party disapproved of the Navy Bill and voted against it. However, though the representatives of Labour objected to the Navy Bill, they objected neither to the prospective humiliation of Great Britain nor to the acquisition of foreign markets by conquest. The following lines

from the *Sozialistische Monatshefte* for December 1899 faithfully depict the opinion of the German Labour Party :—

"That Germany be armed to the teeth, possessing a strong fleet, is of the utmost importance to the working men. What damages our exports damages them also, and working men have the most pressing interest in securing prosperity for our export trade, be it even by force of arms. Owing to her development, Germany may perhaps be obliged to maintain her position sword in hand. Only he who is under the protection of his guns can dominate the markets, and in the fight for markets German working men may come before the alternative either of perishing or of forcing their entrance into markets sword in hand."

From this and many similar manifestations it is clear that no effective opposition against Germany's colonial ambitions can be expected to come from the ranks of the Social Democratic Party.

In due course the German Government discovered the danger of its somewhat too openly anti-British policy, and, too late in the day, appeared official declarations that that huge new fleet was required for the defence of the German coast against Continental Powers. However, some of the foremost German soldiers and sailors had already laid down the maxim that Germany does not require a strong fleet for a Continental war, and had given proof for that assertion. Consequently, the argument of the Government, that the huge new fleet was to be for the defence of the coast, does not stand examination. Field-Marshal von Moltke, for instance, wrote in his memorandum of 1884: "Naval battles alone rarely decide the fate of States, and, as far as can be foreseen, the decision of every war in which Germany may be engaged lies with her army."

Owing to the peculiar formation of the German coast her harbours are hardly assailable. The former Commander-in-Chief of the navy, Admiral von Stosch, wrote in his memorandum of 1888: "The North Sea harbours defend themselves. If the buoys are removed from the endless sandbanks, which change their shape from year to year, even the most expert pilots would not dare to take a ship through the tortuous channels"; and Secretary of State Admiral Hollmann said, as late as March 1897, before the Committee of Ways and Means: "We require no navy for coast defence; our coasts defend themselves." It seems hardly likely that, in the three years elapsing between Admiral Hollmann's statement and the appearance of the Navy Bill of 1900, Germany's military position towards her neighbours or the formation of her coasts should have so materially altered as to controvert the well-considered views of her foremost military and naval advisers.

From the foregoing it should be sufficiently clear that Germany's new fleet has been created for the purpose of fighting Great Britain or the United States, or both nations, in the pursuit of colonies and of commerce. It remains now to consider her plans of attack on this country.

The German Generalstab as well as the Admiralstab keep their secrets well, and it would be idle to retail officers' gossip with regard to the aggressive plans of official Germany. However, a fair indication of the spirit and the intentions existing among the highest German officers may be found in a remarkable article contributed to the *Deutsche Rundschau* of March 1900, by General C. von der Goltz, an article which is all the more remarkable when we consider that General von der Goltz is on active service. It

should be added that General von der Goltz is the reorganiser of the Turkish Army, and one of the most talented and most promising of German officers. He says :—

". . . . We must contradict the opinion, which has so frequently been expressed, that a war between Germany and Great Britain is impossible. Great Britain is forced to distribute her fleets over many seas in peace as well as in war, and her home squadron is surprisingly weak in comparison with her fleets in the Mediterranean and in India, the Far East, Australia, the Red Sea, South Africa, the West Indies, and the Pacific. In that necessary distribution of her strength lies Great Britain's weakness. Germany is in a better position. Her navy is small, but it can be kept together in Europe. Our colonies want no protection, for a victory in Europe would give us our colonies back at the conclusion of peace. With Great Britain matters are different. If India, Australia, or Canada should be lost in a war, they would remain lost for ever. . . .

". . . For the moment our fleet has only one-fifth the fighting value of the British fleet, and Great Britain's superiority over us is striking, but when the projected increase of our fleet has been effected, the outlook for us will be bright. The British home squadron, with which we should have to deal, amounts to 43 battleships and 35 large cruisers. Even if that fleet should be increased in the future, it would no longer be an irresistible opponent to us. Numbers decide as little on the sea as they do on land; numerical inferiority can be compensated for by greater efficiency. . . .

" As places are not wanting where England's defences are weak, it would be a mistake to consider a landing in England as a chimera. The distance is short enough if an admiral of daring succeeds in securing supremacy on the sea for a short time . . . .

" The material basis of our power is large enough to make it possible for us to destroy the present superiority of Great Britain, but Germany must prepare beforehand for what is to come, and must arm in time. Germany has arrived at one of the most critical moments in her history, and her fleet is too weak to fulfil the task for which it is intended. We must arm ourselves in time, with all our might, and pre-

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pare ourselves for what is to come, without losing a day, for it is not possible to improvise victories on the sea, where the excellence of the material and the greatest skill in handling it are of supreme importance."

The existence of views identical with those of General von der Goltz in the highest military circles in Germany may also have dictated the visits of the German fleet to the Irish Channel and the appearance of a "Handbook of the South Coast of Ireland and the British Channel," published in 1901 by the Imperial Seewarte, and of a short "English Military Interpreter" published in the same year by the School of Artillery and Engineering.

Germany's policy is far-sighted, and German statesmen are as well aware of Germany's lack of naval harbours as are her admirals. Germany possesses practically only two naval bases, Kiel on the Baltic, and Wilhelmshafen on the North Sea. The harbour of Kiel is an immense natural basin which could receive all the fleets of the world; Wilhelmshafen is a very small harbour which has been dug out of the mainland with infinite trouble and expense. Besides being already far too small, Wilhelmshafen suffers under the additional disadvantage that it gets ice-locked in winter, and that, at low tide, entrance for large ships is not practicable. However, in spite of all these grave defects of Wilhelmshafen, not Kiel but Wilhelmshafen is the chief naval base of Germany, because of its more favourable position for striking westward.

In commencing the construction of her enormous new fleet, the problem of finding a harbour advantageously situated for an attack upon Great Britain became an urgent one for Germany, and, lacking an adequate natural harbour in the North Sea, she

turned her attention to Holland, which abounds in excellent harbours, well situated for Germany's aggressive purposes. From Wilhelmshafen a German squadron would take about thirty hours' steaming to cross to England; from the Dutch harbours it could cross in about eight hours, and the danger of failure in a raid upon England, arising from delay caused by a fog in the Channel, or by insufficient accommodation at the base for ships, would be reduced to a minimum.

When it was recognised of what enormous value Holland might be to Germany in a war with Great Britain, official and semi-official attempts without number were made in order to entice or to coerce her into a closer union with Germany. It would lead too far to describe those attempts in detail, but an abstract from a series of unsigned articles, which appeared in *Die Grenzboten* during July and August 1901, entitled "Holland and Germany," whose carefully thought-out and picturesque diction bears a striking resemblance to the well-known style of the German Chancellor von Bülow, should be carefully considered. The writer speaks with the authority of one who possesses an inside view in politics, and it can hardly be doubted that that series directly emanated from the Wilhelmstrasse. The contents of these interesting articles may be summed up in the following way:—

"Holland's wealth is chiefly derived from the German transit trade. That trade can be diverted by the new Dortmund-Ems canal, which will give to the Rhine an outlet at Emden. That port, which lies on the Dutch frontier, has so far been neglected, but is being equipped in order to make it an efficient competitor of Rotterdam. If she chooses, Germany can cripple Dutch commerce and bring Holland on her knees by diverting the Dutch transit trade and by

imposing hostile tariffs. Consequently Holland is economically dependent upon Germany, and Holland's economic incorporation with Germany in one form or the other is for Holland an unavoidable necessity.

"Politically, Holland is threatened by other nations. Her guaranteed neutrality is no more than a shred of paper, which would prove worthless in war. Spain has been brutally crushed by the United States; Portugal hangs like a fly in the spider's net of England, a prey to her monopolistic mercantile system. The Dutch will not share the fate of the Boers, but, if they are not careful, they may be caught in British snares. 'From all these dangers incorporation with Germany is the only salvation. The movement of naval expansion in Germany will not end until a German navy floats on the sea that can compete with the fleet of Great Britain. Equally strong on sea and on land, the world may choose our friendship or our enmity. The strong may take their choice, but Holland will do well to stand by us in friendship, not so much for our sake as for her own existence.'"

When we consider the spirit of irreconcilable hostility against Anglo-Saxondom that pervades the countless expansionist manifestations in Germany, emanating from official and semi-official quarters, from professorial and mercantile circles, from the clergy and the proletariat, we cannot help being struck by the unanimity of hatred and by the unflinching determination of Germany to erect a German world empire upon the ruins of Anglo-Saxondom. Nowhere is the celebrated word of Sir Walter Raleigh, "Whosoever commands the sea commands the trade; whosoever commands the trade commands the riches of the world, and consequently the world itself," more frequently quoted and more thoroughly appreciated than in Germany, and something of Sir Walter Raleigh's daring spirit of conquest seems to stir the German masses and animate their rulers. History alone will show whether the parallel will end here, or whether Germany is destined to take the place which

England took in Sir Walter Raleigh's time, and to succeed by force of arms in becoming a world power at the cost of Great Britain and the United States in the same way in which, three centuries ago, England, by her naval superiority, succeeded in building up her greatness on the ruins of the then leading commercial and colonial powers, Spain and Holland.

Germany has become great by the sword, but present-day Germany, though she would like to walk in the steps of her greatest rulers, Frederick II. and Bismarck, disdains the advice of those most successful expansionists. Frederick the Great's counsel, "Secrecy is the soul of foreign politics," is as little heeded by Germany's present rulers as Bismarck's recommendation, "Not to meddle in the affairs of foreign States unless one has also the power to accomplish one's intentions." By the impetuousness of her present rulers Germany's plans have been prematurely and unmistakably revealed to the world, and if the Anglo-Saxon nations should be so blind as not to take the measures necessary to frustrate those plans, of which they have received such ample and such long-dated warning, they will have fully deserved the fate of Spain and Holland.

CHAPTER V

THE GERMAN EMPEROR AS A POLITICAL FACTOR

THE Emperor is no doubt the most potent factor in German foreign and domestic politics, whether he rules personally like William II., or impersonally, through a powerful statesman, like William I. The political influence of the Emperor, whether direct or indirect, is always very great. Hence it is worth while to study the character and influence of the present occupant of the German throne.

William II. is, perhaps, the most picturesque and the most talked about figure on the stage of the world, and, if a computation should be made, it would very likely be found that more columns of the international press are daily filled with accounts of his doings and sayings than with those of all other sovereigns taken together. We have seen William II. not only as an emperor and a king, but also as a statesman and a politician, a general and an admiral, a painter and a composer, a stage-manager, a conductor of an orchestra, and a sportsman. We have heard him preach sermons, and give lectures on naval matters and on commerce, on yachting and on socialism, on agriculture and on new art, on archæology and on boat-building, on education, and on countless other subjects. In consequence of his numerous accomplishments and his feverish activity, he has come to be considered either as a genius of infinite range and wonderful intelligence, or as a

restless, many-sided, over-ambitious, and over-enthusiastic amateur.

However, whilst people are always discussing every one of the Emperor's minor acts, they usually omit to take a more comprehensive view, and to consider him in his most interesting aspect as a political factor by weighing his importance for his own and other countries by the general trend and character of his actions during his seventeen years' reign. By summing up the net results of his restless activity during his long rule, an appreciation of his political weight and tendencies may be possible, and an opinion may be formed as to his future influence, for good or for evil, upon the history of his own country and of the world.

In order to understand the Emperor as a political factor, it is necessary to study his personality, character, and surroundings, as well as his rule, his ambitions, and his achievements.

William II. is distinctly a talented man, endowed by nature with a very active brain, rapid comprehension, a retentive memory, and a fertile imagination. These characteristics showed themselves already in his earliest childhood. For instance, once, when his governess, before inflicting bodily chastisement, solemnly assured the little prince that his punishment would hurt her more than it would hurt him, little William at once inquired naïvely whether it would hurt her in the same place where it would hurt him.

The German Emperor is very highly strung, nervous, and irritable; impetuous to rashness, swayed by sudden impulses, possessed of unbounded self-confidence, and imbued with that fervent belief in himself, in his divine mission, and in the special

protection of Providence, which is usually found in great men of the first order, such as Alexander and Cæsar, Cromwell and Napoleon. Having a considerable gift of speech, it is only natural that his utterances are never commonplace, but highly dramatic, strenuous and emphatic, testifying to the rich mind from which they have sprung, and to the peculiarities of his character and views just described. The Emperor possesses a rare energy, considerable moral and physical courage, and much tenacity of purpose. Though he is able to form deep political plans and pursue them for years in close secrecy, he has been known to commit an indiscretion in a moment of weakness, and to shatter his deeply laid plans by a sudden ebullition.

William II. is well aware of his talent and ability, which are no doubt greater than that of any of his predecessors, excepting, perhaps, Frederick the Great. As Frederick the Great treated the "Unterthanen-Verstand" with sublime contempt, and administered at the same time all the great offices of State in peace, commanded the armies in war, and whiled away his spare time with his flute and philosophy, with writing poetry and sketching, thinking himself great in all these subjects, to the amusement of Voltaire, even so William II. feels capable not only of ruling the empire, so to say, single-handed, but also of directing its commerce and education, its music and art—in short, the whole fabric of the empire, and the whole intelligence and activity of the nation. Frederick the Great is the Emperor's ideal and model, and, in fact, there is much resemblance between William II. and his great ancestor. Bismarck already remarked of the then Prince William: "In him there is something of Frederick the Great, and he is also able to

become as despotic as Frederick the Great. What a blessing that we have a parliamentary government!"

The self-will and self-assertion of William II. spring from the same cause as the despotism of Frederick the Great, namely, from the very full knowledge of his own ability and an insufficient knowledge of the ability of other people. These characteristics of William II. were known to the initiated before he ascended the throne. Bismarck had prophesied that the Emperor would be his own Chancellor, but, nevertheless, he was unwise enough not to resign when the old Emperor died. Hence his fall. Moltke was wiser. He resigned six weeks after the death of the Emperor Frederick.

Frederick the Great was a poet, an administrator, a philosopher, and an author, but he was essentially a soldier. In him the ambition to enlarge his dominions which is characteristic of all the Hohenzollerns, was particularly strongly developed, and he succeeded in nearly doubling the territory under his sway, and in elevating Prussia to the rank of a great power. William II., whose interests and pursuits are far more multifarious than even those of Frederick the Great, is also principally a soldier, and his desire to increase the territory of his country is more than an ambition with him; it is a violent passion, just as it was with Frederick the Great.

The Emperor is a soldier by nature. Nowhere does he feel more at home than amongst the officers of his army and navy, and he visits their mess-rooms very frequently, not as an Emperor, but as a comrade, and stays for hours with them, talking, jesting, and laughing; on the other hand, he has not been known to mix with civilians in a similarly cordial and unceremonious way. His military education, as well

as his inborn military inclinations, together with his love for Frederickian traditions, have not only coloured his political views and ambitions, and influenced his ideas of government, but they have also tinged his public utterances, which therefore usually take the form of Imperial commands. Consequently, his frequent pronouncements on art and education, religion, socialism, &c., are not only of startling originality, but of a still more startling vigour, especially as the Emperor has never hesitated to fling the whole weight of his Imperial authority into the balance in order to enforce his private views upon an unwilling section of the community, or upon the whole nation.

The former rulers of Germany stood, on principle, above the parties. William II. has descended into the arena, and has joined the fray with the greatest vigour, and, sometimes, with very unfortunate results. Utterances such as the following are typical for his Majesty :—

"For me, every Social Democrat is synonymous with enemy of the nation and of the Fatherland."

This was addressed to the largest German party in his speech of the 14th May 1889.

"Suprema lex regis voluntas," written as a demonstration to parliamentary and popular opposition in the Golden Book at Munich.

"Sic volo sic jubeo," written under his portrait given to the Minister of Public Worship and Education.

"Only one is master in the country. That am I. Who opposes me I shall crush to pieces."

These sayings sound especially strange if we remember that Germany is not an absolute, but a

constitutional, monarchy, and that, for instance, the "crushing to pieces" of German subjects can only be effected by means of properly constituted and independent law courts. These utterances, and many more of similar purport, which have caused much speculation in other countries, and consternation in Germany, do not so much spring from the sudden impulse of a passionate mind as from the Emperor's deep-rooted conviction of his own ability, and from a mystical belief in the absolute monarchical power by Divine right, vested by Providence in the German Emperor.

Under the Imperial Constitution of 1871 the powers of the German Emperor are extremely great. The Constitution says:—

". . . . The Emperor can declare war and conclude peace, make alliances, and other treaties, and nominate and receive ambassadors. (Art. 11.)

"The Emperor can call, open, adjourn, and dissolve the Federal Council and the Imperial Diet. (Art. 12.)

"The Emperor can issue and promulgate laws, and supervises their execution. The Imperial enactments . . . require the counter-signature of the Chancellor, who thereby assumes the responsibility for them. (Art. 17.)

"The Emperor nominates officials . . . and orders their dismissal." (Art. 18).

Besides appointing all Imperial officials, the Emperor appoints all officers of the German navy and of the Prussian army, as well as the highest officers of the armies belonging to the other German States included in the Empire.

Compared with the power of the British monarch, the power of the German Emperor with regard to foreign and home politics seems almost boundless. Nevertheless, William II. has not been satisfied with

this power, but has increased it at the cost of his Cabinet and of the Imperial Diet. Similar struggles for power may be found in nearly all constitutional monarchies, and at all times. I may recall the gentle struggle for power between Parliament and Crown under Henry VIII. and Elizabeth, and the violent ones under James I. and Charles I. Imperial decrees have been issued by the Emperor without the counter-signature of the Chancellor, required by Article 17 of the Constitution. Besides, it should not be forgotten that the counter-signature of the German Chancellor, who by counter-signing assumes the responsibility for the Emperor's acts, becomes a mere formality when the Chancellor is not an independent official, but simply an obedient tool whose duty it is to put the Imperial will on paper.

In Bismarck's time the actual administration of the country was in the hands of a Cabinet composed of responsible experts, and, what is more important for other countries, German policy was directed by the wise foresight, unrivalled experience, calm deliberation, and firmness of purpose, of a great statesman. Though Bismarck was generally believed to be all-powerful, if not tyrannical, a belief that stood him in good stead, his position, as a matter-of-fact, was much less commanding than is generally known. His plans had to be submitted to the Emperor, who, in his turn, used to talk the matter over with his wife. The old Emperor was the soul of honour, conservative, cautious, and somewhat slow to move. The Empress was pious and peace-loving, with a distinct leaning towards Liberalism. Consequently, Bismarck's boldness and dash in foreign affairs were often tempered by the Emperor's wisdom and caution, and the influence of the Empress over her husband

made for moderation in home affairs. In effect, the old Emperor acted as a brake upon Bismarck, and the Empress us a brake upon her husband. Thus William I. was to Bismarck what the House of Lords is to a Liberal House of Commons, and the combination of Bismarck, the Emperor, and his wife was an ideal one for foreign policy, insuring the even continuance of a vigorous, wise, discreet, and successful policy.

Whilst Bismarck was in office German foreign and domestic policy ran an even course, German policy was understandable abroad, and Bismarck did not embark upon many risky enterprises at once, but concentrated his master-mind upon a few really important questions. His policy was at the same time great and simple, as was his character. The present Emperor appears not to have the commanding talent of a Bismarck for foreign policy, nor is he subject to the restraining influences which moderated the more adventurous plans of the great Chancellor. Furthermore, William II. takes, apparently, as much interest in the direction of the army and navy, of shipping and commerce, of education, art, sport, and countless other matters, as he does in the direction of foreign politics. Consequently, he has not sufficient leisure to concentrate his mind upon foreign policy. Hence German foreign policy has become fitful, enigmatic, and unstable, a replica of the Emperor's impulsive character.

During Bismarck's Chancellorship, the Triple Alliance was a solid combination, a healthy business partnership, with a unity of purpose, whose reliability in case of war was not doubted even by its enemies. At present the Triple Alliance exists still in name, but its solidarity has been impaired; it has latterly

come dangerously near breaking up, and protestations as to its strength are becoming suspiciously frequent and painfully emphatic—especially on the part of Germany. However, notwithstanding the loudly assured impregnability of the Alliance, Austria and Italy have thought it wise, if not necessary, to enter into closer relations with France and Russia, in order to provide against certain contingencies, and Germany also is casting about for other possible partners. The Triple Alliance seems, in fact, to have become a paper fiction, a result which may be laid directly at the door of the German Emperor's restless and impulsive policy.

Bismarck's diplomatic activity after the Franco-German War was chiefly directed towards two great objects: the maintenance of the Triple Alliance, and the prevention of an alliance between France and Russia. As long as Bismarck was in office, France and Russia were kept asunder, and Germany could feel absolutely safe from foreign aggression. Therefore she was the strongest and most respected power on the Continent, and its arbiter. Soon after Bismarck's dismissal Germany ceased to be the first power on the Continent, and her place was taken by Russia, which for the time being, but possibly not for long, has been eclipsed by her defeat in the Far East. Through Russia's downfall, which must have been exceedingly welcome to German diplomacy, Germany has again become the leading power on the Continent. Whether she will keep that position will depend on Russia's recuperative power and the action of Germany's diplomacy.

Russia, who had been a reliable friend to Germany until William II. came to the throne, was estranged by the Emperor, and the traditional good relation

between Russia and Germany, which had proved so valuable to her in 1870, came to an end. Only fifteen months after Bismarck's dismissal, in July 1891, the rejoicings occasioned by the visit of the French fleet at Cronstadt proclaimed to the world, what politicians had known for some time, that William II. had not only been unable to continue the skilful isolation of France and to enjoy the friendship of Russia, but that the Emperor had even driven these powers into one another's arms, by sheer bad diplomacy. The work of which Bismarck was even more proud than of the fashioning of the Triple Alliance, the keeping apart of France and Russia, had thus been rapidly destroyed by his successor.

Since Bismarck has left, the German as well as the Prussian Cabinet have been filled not with independent Ministers whose activity is supervised by the Sovereign, but with figureheads whose power is extremely circumscribed. From a powerful, impersonal, and therefore national, ministerial policy by experienced men, tempered by the moderation of a wise and cautious ruler, German foreign and domestic policy has become the personal uncontrolled policy of a talented, vigorous, impulsive, and highly self-conscious monarch, and is tinged by accidents of his health, and by his personal feelings and prejudices.

The Emperor considers his Ministers not as experienced and independent chiefs of the Departments of State, entitled to opinions of their own, but as the executors of his will, and he removes them as soon as they do not succeed in fulfilling his wishes. Consequently his Ministers of State have been changed with surprising rapidity, a continuity of policy in foreign and home affairs has become impossible, pro-

jects of great importance are brought forward in an immature state, and dropped in nervous haste, and the suddenness with which the highest officials are being replaced has taught them that it is not safe for them to oppose or to criticise the wishes of the Emperor, and that it is wisest for them to execute his wishes without question.

Only in money matters has the German Parliament any weight with the Imperial will as represented by the Cabinet. The German Parliament was already in Bismarck's time little more than a money-voting and law-assenting machine, plus a general talking-shop, possessed of hardly any influence, and of no control whatever, over the administration and policy of the Government. However, it would not have happened in Bismarck's time that a costly expedition like the German China expedition would have been undertaken, and that fresh regiments would have been raised without the assent of Parliament.

The phenomenon of powerful and constant interference from an exalted quarter is to be found in Germany not only in matters of State, but is becoming more and more frequent in minor matters, for which the following anecdote, told by a prominent German architect, may serve as an illustration: Drawings for a new church in Berlin were submitted to the Emperor for assent or correction. His Majesty, intending to make a marginal remark with regard to the cross on the top of the steeple, put a letter for reference above the cross, and drew a straight line from the letter down to the cross. Then he changed his mind, and crossed the letter vigorously through. When the architect received back his plans he studied carefully all the Emperor's corrections, but mistook the crossed-through letter for a star. Knowing

better than to ask questions, he built the church, and put a big star on a huge iron pole high above the top of the cross. This strange excrescence was in existence a few years ago, and is probably still visible. For similar reasons many monuments and public buildings in Berlin and other parts of Germany are of astonishing ugliness.

Blind obedience has become the watchword in official circles throughout the Empire, and even in professorial appointments by the independent universities and in judicial decisions by independent judges a desire to please his Majesty and to nominate professors and to shape judgments in accordance with the Imperial wishes is becoming painfully apparent. As the Emperor, apart from the powers already cited, can influence those whom he wishes to influence by bestowing titles and decorations, and by social preferment, abject flattery has become rife in his surroundings and throughout the empire. Examples of such flattery by the highest dignitaries of the empire, described in Germany under the name of "Byzantinism," are on record.

The domestic policy of the Emperor has been an unfortunate one. His anti-Polish policy has infuriated the Poles, not only in Germany, but also in Austria, Germany's ally, where their number is very great, and where their influence upon the Government is very considerable.

The lack of toleration which has become characteristic of German home policy has driven the Liberal elements of Germany into the ranks of the Social Democratic Party, which is no more exclusively a party of malcontents, recruited from the labouring classes, but which now includes numerous manufacturers, merchants, bankers, professional men, &c.,

a proof of the discontent of the middle class. Social Democracy being the strongest party in Germany, people who wish for reforms begin to think it useless to support any of the numerous small and unimportant factions in the Reichstag, and vote for Social Democracy.

During the reign of William II. Social Democracy has become by far the strongest party in the empire. The following figures, showing the numbers of Social Democratic votes polled at the various general elections, are highly significant regarding the home policy of Germany under the government of the present Emperor, and prove the growth of popular discontent :—

	Total of Votes	Social Democratic Votes	Percentage of Social Democratic Votes
1887	7,540,900	763,100	10.11 per cent.
1888		(Accession of William II.)	
1890	7,228,500	1,427,300	19.74 ,,
1893	7,674,000	1,786,700	23.30 ,,
1898	7,752,700	2,107,076	27.18 ,,
1903	9,495,586	3,010,771	31.71 ,,

Is it to be wondered at that Social Democracy is growing by leaps and bounds, trebling its votes in ten years, when the Emperor began his reign as the "Arbeiter-Kaiser," called an international congress for the benefit of the German workers, and received their deputation, then turned round and proclaimed, "For me every Social Democrat is synonymous with enemy of the nation and of the Fatherland," and, lastly, had a Bill brought before the Reichstag, upon his personal initiative, making incitement to strikes a felony punishable with penal servitude, from three to five years? If anything was calculated to shake the confidence of the German workers in their Kaiser, and to increase, not to repress, Social Democracy, it

was the Emperor's untimely, impulsive, and ill-advised vigour and the "Penal Servitude Bill."

As there are more than a dozen weak and disunited parties, or rather factions, in the German Imperial Diet, and as Social Democratic teachings are fast spreading towards the country parts of Germany, the Social Democratic Party promises to acquire an overwhelming strength, and may in time become a dangerous opponent to the Cabinet policy at present prevailing in Germany, as will be shown in another place.

If we overlook the results of the Emperor's reign with regard to foreign politics, we find that up to the outbreak of the Russo-Japanese War Germany had to cede the first place in Europe to Russia, that the Triple Alliance has become little more than a name, that the Dual Alliance has become a potent and dangerous factor to Germany, that Great Britain has been estranged by the Emperor's desperate attempts to gain a footing in South Africa and on the Yangste, and that the United States have become suspicious of German designs after the well-known Manila incident, the Venezuela expedition, and various other occurrences due to the Emperor's initiative. In consequence of these and numerous other *faux pas*, Germany has estranged her former friends, and has created for herself many potential enemies.

As the Emperor has not succeeded in increasing his territories by the peaceful arts and stratagems of diplomacy, he has turned towards his armed forces, and has immensely strengthened his army and navy —a precaution which became absolutely necessary in view of his venturesome foreign policy, and the wavering attitude of his allies. A comparison of Germany's armed strength in 1888, the year of the

Emperor's accession, and its present strength will therefore be interesting :—

PEACE STRENGTH OF THE GERMAN ARMY

1888 . . .	491,726 men	84,091 horses	1,374 guns
1904 . . .	605,998 „	105,642 „	3,034 „
Increase .	114,272 men	21,551 horses	1,660 guns

This great increase of the peace army is, however, small if compared with the increase in its war strength. Since 1893 the three years' service with the infantry has been shortened to two years, and consequently the yearly enrolment of men for the army has risen from 185,224 men in 1888 to 277,548 men in 1902. As the mobilised German army consists of at least twelve of these yearly levies, it appears that the war strength of the German army has been increased under William II. by more than 1,000,000 soldiers.

The following was the strength of the German navy at the beginning of the Emperor's reign and in 1904 :—

1888 . .	189,136 tons	182,470 horse-power	15,573 men
1904 . .	454,920 „	615,470 „ „	38,406 „
Increase	265,784 tons	433,000 horse-power	22,833 men

From these figures it appears that the strength of the German navy has been more than doubled under the Emperor's reign. However, it should be added that the incomparably larger German navy of the future, for which the Reichstag has voted credits, amounting together to more than £100,000,000, is at present only on the stocks.

The financial results which these greatly increased armaments have brought about are very interesting. The ordinary recurring expenditure alone for the

army has risen from 364,301,000 marks in 1888 to 578,130,000 marks in 1904, an increase of 60 per cent.; the navy estimates have risen from 48,675,000 marks in 1888 to 228,571,000 marks in 1904, a rise of 370 per cent. Furthermore, the debt of the young empire, exclusive of paper money, has risen from 486,201,000 marks in 1887 to 2,733,500,000 marks in 1903, or has more than quintupled, and the total Imperial expenditure has mounted from 876,934,000 marks in 1888 to no less than 2,301,205,000 marks in 1903.

Germany has, fortunately, gone through a period of great industrial prosperity during the Emperor's reign, and these very heavy burdens have consequently been easily borne by the population. At the same time it cannot be doubted that the present burdens might prove extremely onerous to the people in a period of economic adversity, and that the trebling of the Imperial expenditure within fourteen years cannot be repeated indefinitely without ruining the country in the end.

If we survey the result of the Emperor's home policy, we find that the differences between the various religions, races, and classes within the empire have been sharply accentuated of late, largely owing to the policy of discrimination practised by the Government. To attain to the position of an officer, judge, magistrate, civil servant, university professor, or a school teacher, is easy for a Protestant, difficult for a Roman Catholic, and next to impossible for a Jew or a Pole. From the Government intolerance has spread to the public, and advertisements for clerks, apprentices, domestic servants, &c., stipulating their religion, can daily be found in the German press.

The result of the Emperor's Polish policy of

coercion is well known, and has been contrary to his expectation. Similarly his violent antagonism to the Social Democratic Party has given it an excellent advertisement, and has made it a powerful factor in Germany, and all the thundering anathemas lately launched against it have made it still stronger, as will probably be seen at the next general election. With these and other extreme measures the German Emperor has created among his adherents the belief in the omnipotence of "Machtpolitik," the policy of force; but, so far, the results of that policy, which is the natural policy of the soldier, but not of the politician, have been singularly disappointing. Strange to say, in the recent agitation for a huge increase of the fleet, and for the acquisition of colonies in temperate zones, the use of "Machtpolitik" was recommended by all the orators who, in the same breath, passionately condemned the policy of force and the rapacity of Anglo-Saxon nations, which crush weaker nations, as evidenced in the Boer War of Great Britain and in the Spanish War of the United States, and recommended at the same time the crushing of the Poles under the heel of Germany.

If we sum up, the net result of the Emperor's unceasing activity during the seventeen years of his reign seems to be that Germany has lost ground and prestige in foreign politics. At the same time, the Emperor has communicated his own nervous restlessness to the entire political atmosphere of the world. As regards home politics, dissatisfaction within the Empire has greatly increased, notwithstanding the great prosperity of the country, which usually tends to weaken the Radical parties, or at least to stop their progress. The friction between the classes has become more acute, the "State-subverting" parties,

as they are called in Germany, have become enormously strong, and none of the Emperor's great measures have materialised.

It is true that Germany has grown much richer during the Emperor's reign, and that the number of her inhabitants has increased by about ten millions, but these facts, for which he is not responsible, can offer him little consolation for his disappointments and foiled ambitions in the political field. On the other hand, William II. has certainly succeeded not only in strengthening his fleet and in increasing his army by more than a million soldiers, but he has also succeeded in maintaining it at about the same high degree of efficiency and general excellence to which Moltke had brought it, and in which the Emperor found it when he ascended the throne.

Being more a soldier than a diplomat, and being aware that the greatness of Germany was won on the field of battle, William II. has naturally turned in his political disappointments towards the *ultima ratio regis*. When his campaign against the Social Democrats had failed, he addressed the officers of the Berlin garrison, and admonished them to stand by him and to shoot the malcontents in case he commanded them to do so, as the Prussian soldiers shot the Berlin revolutionaries in 1848. Again, when his attempts at colonisation in the Philippines and his pro-Kruger campaign had failed, he turned towards his fleet. On the 9th October 1899, the Boers issued their ultimatum; nine days later, on the 18th October, the Emperor made the celebrated speech in Hamburg containing the winged words, "Bitter not ist uns eine starke Deutsche Flotte." German colonial aspirations in Africa had been foiled by British diplomacy, and the speech mentioned was

the starting-point of the violent anti-British agitation in Germany which culminated in the passing of a Bill authorising the expenditure of altogether about £100,000,000 for a fleet, intended, according to its preamble, to be so strong as to be able to oppose successfully the most powerful enemy on the seas.

Whilst the German Emperor is showering the most assiduous attentions upon England and America, as well as upon France and Russia, and while peace is in his mouth, his huge fleet is being built with the greatest possible despatch. Naturally enough, people have indulged in surmises against which power this enormous fleet is intended to be used. However, such speculations appear to be utterly vain, for it seems unlikely that either the huge German army of the present, or the proportionately equally huge German navy of the future, are intended for some clearly defined purpose. It would seem far more probable that the Emperor has arrived at the conviction that it will be impossible for him to acquire new territories in Europe or colonies abroad by peaceful means, and therefore he wishes to be absolutely ready to strike with both his army and navy, should a suitable opportunity offer for the acquisition of new territories in or out of Europe. Circumstances alone will determine against which power the German army and fleet will be used.

The German Emperor possesses a considerable versatility and flexibility of mind, which is sometimes described with a different name. First he sat at Bismarck's feet as his admiring disciple, then he dismissed his great master without ceremony, and completely changed the Bismarckian foreign and domestic policy of Germany. First he gave Caprivi

a free hand, then he ruled alone; first he took up the cause of the working men, and then he threw them over; first he was anti-colonial, and gave away the best German colonies in exchange for the valueless rock of Heligoland, now he strains every nerve to acquire colonies; first he provoked France, and then he flattered her; first he flirted with the Poles, and now he forbids Polish school-children to say even their prayers in their own language.

In view of the Emperor's rapid and alarmingly frequent changes of mood, and the equally rapid and kaleidoscopic changes of his policy, in view of the bitterness which must have been engendered in his mind by the failure of his attempts at territorial aggrandisement and domestic legislation, and in view of the nearly absolute control which the German Emperor exercises, perhaps not *de jure* but certainly *de facto*, over the foreign policy of Germany and over her army and navy, it appears not unlikely that William II. may some day act against some "friendly" power with the same startling rapidity with which his great ancestor, Frederick the Great, acted against Austria, when he flung his armies into Silesia without any warning.

It has been said that this country has nothing to fear from Germany, because of the family ties which connect the Emperor with our own dynasty. Those who believe that sentimental considerations of a purely personal kind will be allowed to stand in the way of the Emperor's policy can hardly be acquainted with the diplomatic steps which William II. took against this country when he despatched his telegram to Mr. Kruger. They should also remember that the German Emperor placed himself unreservedly on the side of the Turks in the Greco-Turkish War,

notwithstanding the fact that his own sister is married to the heir to the Greek throne.

In view of the character of the German Emperor, his well-known ambitions and his enormous power, it would seem that those nations at the cost of which Germany could possibly increase her territory should ever be watchful, and should ever be prepared against sudden surprises. They would do well to study the pan-Germanic manifestoes, which, though they are, of course, disavowed and discredited in official circles, give certainly some indication of Germany's political aspirations. We find in them recommendations for the "alliance or absorption" of "Germanic" Holland, Switzerland, and Denmark, for the incorporation of the western half of Austria-Hungary, creating a German Empire stretching across Europe from the Baltic down to Trieste, and for the acquisition of colonies in a temperate zone in Asia Minor, South Brazil, Argentina, South Africa, or "wherever else opportunity should offer." How many of these projects will be accomplished within the Emperor's lifetime?

The theory has often been advanced that the time of the personal policy of kings and emperors is gone never to return. The future may disprove that theory, and may prove the German Emperor a political factor of the greatest magnitude, and of unexpected influence upon the history of Europe and of the world.

CHAPTER VI

THE ARMED FORCES OF GERMANY

ALL the great empires which the world has seen, with perhaps one solitary exception, that of the Chinese Empire, have become great by force; and all the great empires which have declined, or which have disappeared from the world's stage, have been diminished or destroyed by force. Diplomacy is fond of euphemisms, and diplomats like to speak of gradual expansion by allowing free play to the national forces and to the forces of Nature. They speak of creating protectorates, of mapping out spheres of interest, &c., when they are in reality bent on the aggrandisement of the nation by force. Hence it comes that countries are permanently and forcibly taken from their rightful owners by what diplomats are pleased to call temporary occupation, by peaceful penetration, by lease, by loan, &c. However, notwithstanding all these conventional euphemisms and diplomatic fictions, and notwithstanding the fact that the foreign policy of all countries is always ostensibly guided by the noblest motives, such as justice and humanity, the fact remains that all policy is based on force. Might is right between nations. The territories which are possessed by modern States are held by right of conquest—that is, in that right which springs from the possession of superior force.

Even the cleverest diplomat will prove unsuccess-

ful unless his words are backed with adequate force. The diplomatic ability and success of Frederick the Great, Napoleon I., Talleyrand, Metternich, Palmerston, Bismarck, &c., consisted largely, if not principally, in the superior material force which these men were able to wield; and, owing to the fact that their diplomacy was backed by sufficient force, they were exceedingly successful in their policy.

The fact that all policy is based upon force was nowhere more clearly understood than in Prussia, the forerunner of Modern Germany; and Modern Germany remains faithful to Prussian traditions and to the Prussian faith, that the best policy is the *ultima ratio regis*. For two hundred and fifty years, since the time of the Great Elector, Prussia has been always proportionately by far the strongest military power in Europe.

It is generally assumed that the military burden which is borne by Continental nations was never so heavy and so crushing as it is at the present time; but that assumption, which is very widely held, especially among the members of the various Peace Societies and their friends, is by no means in accordance with fact. The standing armies of the great Continental nations amount now, on an average, only to one per cent. of the population. Formerly, the proportion of soldiers to the total population was much higher, especially in Prussia.

At the death of Frederick William I., Prussia, which then had only about 3,000,000 inhabitants, had a standing army of 80,000 soldiers; at the death of Frederick the Great, Prussia had 5,500,000 inhabitants and an army of no less than 195,000 soldiers. Modern Germany has a population of 60,000,000 inhabitants and a standing army of 600,000 men,

but if the proportion of soldiers to the total population were now as great as it was at the time of Frederick William I. or Frederick the Great, she would have a standing force of more than 2,000,000 men.

Germany is a nation in arms. Every able-bodied man has to serve in the army, and the number of men enrolled year by year amounts now to about 280,000. The army on a war footing is made up of a number of these levies, and it can be made greater or smaller at will by calling out a greater or lesser number of such yearly levies which are called Reserves, Landwehr, and Landsturm.

The number of men yearly enrolled has of late greatly increased, as has been shown in the preceding chapter. Therefore, the average number enrolled every year is considerably smaller than 280,000. Besides, we must make allowance for those trained soldiers, who, through disease, are not able to serve in the ranks in case of mobilisation, and for those who have died. Hence, we may assume that the average yearly levy will, in case of war, produce about 200,000 men.

Service in the army begins when men reach twenty years, and the men who have passed through the army may be called upon up to the age of forty-five; but, in case of need, the age at which men may be called for military service can be extended. It therefore follows that the war strength of the German army amounts to about 2,400,000 trained soldiers, if the men between twenty and thirty-two years are called out, that about 4,000,000 trained soldiers could be raised if the men between twenty and forty-two years are enrolled, &c. The arms, ammunition, and accoutrements existing should suffice for equip-

ping at least 3,000,000 soldiers with everything that is required for war.

Every nation strives to create an army commensurate in number and adapted, as to its organisation, composition, equipment, and training, to the tasks which it may be called upon to fulfil in case of war. Great Britain has an insular army and a colonial army, and she relies for the defence of her home frontiers and of her colonial frontiers mainly upon her enormous navy. Germany requires an enormous army for the defence of her extensive land frontiers, or for a possibly necessary attack upon her neighbours, and her navy is distinctly of secondary importance to her, especially as her coast line is most excellently protected by extensive sandbanks, which make the approach of warships almost an impossibility, as the tortuous channels which lead through these sandbanks to the German harbours change their shape continually.

Germany, like all other great Continental nations, can raise enormous masses of soldiers, and as her huge armies will have to fight on comparatively exceedingly restricted ground, they are trained to fight in more or less dense masses. The central-continental theatre of war is not large enough to allow of individual fighting between millions of men, especially as natural obstacles and fortresses abound. On either side of the Franco-German frontier, for instance, there are only two or three narrow gaps between fortifications where battles can take place, and where an extension of troops such as we have seen during the Boer War and during the Russo-Japanese War could not possibly be effected.

Individual training is difficult with a citizen army, an armed nation. Hence, Continental army com-

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manders try to utilise rather the enormous weight and momentum of a mass of armed men, making their armies, by constant, wearisome drill, huge and absolutely obedient fighting machines, than to trust to the highly trained fighting capacities of the individual soldier.

Great Britain has a comparatively very small military force, which is exceedingly costly, and she has the good fortune that the geographical position of this country and of its colonies makes impossible a sudden invasion by a million armed men, which Germany must be prepared to meet ten days after a declaration of war. Evidently the military tasks of Great Britain and of Germany are totally different. The British army would be useless to Germany, and likewise Great Britain would have no use for an immense citizen army after the German model, for which many statesmen and Generals are clamouring. Our geographical position and that of our colonies, as well as the independent character of our population, compels us to strike out an original line. We cannot possibly create an immense, well-drilled, well-armed, and absolutely obedient citizen army, and we are therefore forced to create an individualistic army composed of individualistic fighters. The national character makes that necessary.

How useless Continental tactics are for British soldiers and for British fighting-tasks, was clearly seen in the Boer War. Continental mass tactics are excellent for the densely populated Continent and for the "Massenschlacht." Out of Europe the best German soldiers and the most approved German tactics are apt to prove a complete failure. In the Boer War, the best drilled German soldiers would have done no better, perhaps they would have done

worse, than did British soldiers, who, with their national individualism, had not entirely lost their adaptability in strange surroundings. In fighting the natives in her South-West African colony, the German army, which was such an excellent instrument of war against the French and the Austrians, has proved an instrument totally unsuited for its task. Directed against a European foe on a European field of battle, the same soldiers would probably prove excellent.

From the foregoing, it should be clear that an attempt to copy the German army would prove disastrous to this country, and British officers might give up studying the Franco-German War of 1870–71, which, for thirty years, has been almost exclusively studied in this country, and which has a large share of the responsibility for our numerous defeats in the Boer War.

It is true that the Franco-German War is unique as a military success in the world's history. It is true that six weeks after the declaration of war all the French armies were swept from the field and Napoleon a prisoner. It is true that in six months the Germans took 400,000 prisoners, about 8,000 guns, and more than 800,000 rifles. But it is also true that Great Britain will scarcely be called upon to fight a war on a similar scale on similar lines, on a similar field, with a similar army against a similar enemy. Great Britain should certainly not copy the German army, but she can learn much from the organisation of that army, which, on the whole, appears to be almost perfect, and which is far too little studied in this country.

The Prusso-German army has gone through varying vicissitudes. Under Frederick the Great it proved itself to be the first army in Europe. Twenty years

after Frederick's death, it was found to be quite worthless against Napoleon I., and it fell to pieces at Jena and Auerstadt. After the fatal year 1806, the Prussian army was rapidly reorganised and reformed by Scharnhorst and his able co-workers, and later on it was again reorganised and remodelled by Roon and Moltke. In view of the fact that the British army wants reforming very badly, it is worth while to see why Frederick the Great's incomparable army so rapidly decayed after his death, and how the rotten army of 1806 was rapidly and thoroughly reformed.

The army with which Frederick the Great had successfully fought the united forces of nearly the whole Continent during seven years was organised, like our army, upon an utterly bad and unhealthy basis. Only noblemen could become officers, advancement went by length of service, obedience was absolute and blind, restricting all initiative among officers as well as among the rank and file. Detailed regulations made thinking unnecessary, and had to be carried out to the letter without question. The whole military organisation of Prussia was absolutely centralised in Frederick the Great, who attended to its smallest details. If a foreigner wished to witness a parade, he had to appeal to the King. But what the army lacked in a practical common-sense organisation, in individuality, and in initiative, which qualities alone can make an army a healthy living organism, was amply made up for by the King's immense personal capacity. He ruled the army with a hand of iron, and knew how to manage it notwithstanding its fundamental unsoundness. He inspected his troops very frequently, his sharp eyes saw everything, and every officer who did not come up to the

King's expectations was immediately dismissed. He knew the capacity of every officer, foresaw all and prepared all, his detailed regulations were to the point, his magazines were well filled, all was ready for war, and his army remained up to his death by far the first in Europe. Yet, but twenty years after his death, it was easily smashed by Napoleon the First at Jena and Auerstadt. When the great King was dead the faulty system remained, and no personality arose either to fill his place in that perverted system or to reform it root and branch. With the death of Frederick the Great the huge Prussian army became a body without a soul, imposing to look upon by reason of its size, but deficient in every other qualification. Therefore it was predestined to fall.

Lacking the necessary understanding and energy, his two successors, Frederick William II. and Frederick William III., were contented to administer the army according to Frederickian tradition, exactly in the spirit of precedent and with the same absence of original thought with which our own army is administered. They would have considered it a crime to introduce any reform into the army, and blasphemy to doubt its proved excellence. The warnings and entreaties of sagacious patriots to modernise the army fell on deaf ears, and the whole interest of Frederick William the Third with regard to military matters was concentrated upon parades and drills, the buttons and laces of uniforms, the shape of shakos and helmets, and similar futilities, in which, as Napoleon remarked, he was a greater expert than any army tailor.

Only after Prussia's terrible defeat, and the loss of half her territory in 1806, did the King and his

advisers wake up and begin to inquire seriously into the state of the army and the cause of its defeats. Progressive military men, among them the future Field-Marshal Gneisenau, the intellectual leader of Blücher's army and his Chief of Staff, attributed the collapse of the army largely to the neglect of preparations for war in time of peace, to its occupation with futile drill exercises calculated only for show on the parade-ground, to the neglect of warlike manœuvres and of target-shooting, to the inferiority of the Prussian arms as compared with the armament of the French in guns and rifles, to the slavish copying of various institutions existing in foreign armies, which were quite unsuitable to the needs of Prussia, to the blind conceit of officers and of the nation in the invincibility of the army, and to the incapacity of generals automatically promoted by length of service, and not by merit, who had partly become imbecile with old age.

A commission for the reorganisation of the army was called, which happily did not consist of fossilised generals, or of civilians unacquainted with war and with the military needs of the nation, but of a select few of the ablest young officers who had proved their value in the field, and who were sure neither to be doctrinaires nor to be unduly bound by traditions and text-books. This commission consisted of two major-generals, four lieutenant-colonels, and one major. It did not dazzle the nation with an imposing array of titles, but it was destined to accomplish great things, for among its members were men like Scharnhorst, Gneisenau, Grolmann, and Boyen. The members of this commission were young men. Scharnhorst, the oldest commissioner, was 52 years old, Grolmann, the youngest, was only 29 years old. It

was essentially not an old men's commission. Their recommendations were thorough and to the point. Soldiering was to be taken seriously by the officers. The army was to lose its character of a Society institution, it was to be democratised, and was to be managed on business principles. Among the recommendations of the committee the following were the most important :—

"Advancement shall take place, without regard to the years of service, solely by merit. In case it is found necessary, the youngest general is to command all others. Age or length of service is to have no influence upon appointments. Few generals are to be made in peace, and brigades are to be largely commanded by staff officers in war, so that those who prove themselves the worthiest on active service may be advanced to generalship. In peace a claim to officer's position can only rest upon military knowledge and education, and in war upon conspicuous bravery, activity, and circumspection. Therefore all individuals in the whole nation who possess these qualifications have a claim to the highest command.

"In giving only to the nobility those privileges, all talent and ability in the other classes of the nation was lost to the army, and the nobility did not consider itself under the obligation to take soldiering seriously, and acquire military knowledge, as good birth and a long life were bound to advance well-born individuals to the most exalted military commands, without either merit or exertion on their part.

"This is the reason why our officers were so behindhand in knowledge and education as compared with men of other professions in Prussia. For these reasons the army had become a State within the State, instead of being the union of all moral and physical forces of the nation. Advancement by years of service had killed all ambition and emulation among officers, for a good robust constitution alone granted all that could be desired. True merit and talent proved in free competition among officers was lost to the State, and the deserved advancement of military genius became impossible."

Besides, the commission insisted on the decen-

tralisation of the administrative machinery of the army. Each corps was to be made independent, but was to be fully responsible, and everything required for mobilisation, arms, stores, horses, commissariat, &c., was to be kept at the headquarters of each corps or division in order to facilitate rapid and smooth mobilisation in case of war. The endless train of baggage, which had so greatly hampered the movements of the Prussian army when opposed to the mobile troops of Napoleon, was to be diminished, new arms were to be introduced, up-to-date tactics were to take the place of obsolete barrack-square drills, and the soldier was to be treated better in peace time in order to make soldiering more attractive.

Greatly owing to the measures taken upon these recommendations, without overmuch regard to the obstinate resistance of the tradition-bound generals of the old school, Prussia, which Napoleon believed crippled for ever, was able seven years later to meet the French army in the field with conspicuous success.

The failure of the Prussian army in 1806 affords an excellent parallel to the failure of our own army in Africa, and the recommendations of the famous Scharnhorst Commission might largely, and perhaps *in toto*, be applied to the British army. At the same time we ought not to forget that since the time of Napoleon the First the art and science of war has made enormous progress. A new era opened with the advent of the prince of military scientists, the "Schlachtendenker," Moltke, who has elevated the art of war to the level of an exact science. Let us see what Moltke can teach us.

Frederick the Great and Napoleon the First used already to make elaborate preparations for war, but their preparations were clumsy and superficial if

compared with the minute study and the detailed preparations for war made by Moltke. As Napoleon concentrated the fire of hundreds of guns on that point of the enemy's position which to him was of the greatest importance, and battered it in, even so Moltke concentrated the organised intelligence of hundreds of the best brains in his army on the one point which to him was the most valuable one. Moltke's chief aim was to surprise the enemy by the unparalleled celerity of the mobilisation of his army, to fall upon him while he was still unprepared, and to smash him before an attack was expected. With this end in view he recreated the Prussian General Staff, and made it the active brain of the army.

Moltke, like most great commanders, did not lay down his principles for the conduct of war in the shape of a book. He evidently did not believe in taking the world and possible enemies of his country into his confidence. We must therefore look to his campaigns and to the official accounts of his wars for his guiding principles. In the introduction to the history of the Franco-German war, edited by the historical department of the Generalstab, over which Moltke presided, occurs the celebrated passage :—

"One of the principal duties of the General Staff is to work out during peace in the most minute way plans for the concentration and the transport of troops, with a view to meet *all* possible eventualities to which war may give rise.

"When an army first takes the field the most multifarious considerations—political, geographical, as well as military—have to be borne in mind. Mistakes in the original concentration of armies can hardly ever be made good in the whole course of a campaign. All these arrangements can be considered a long time beforehand, and—assuming the troops are ready for war and the transport service properly organised—must lead to the exact result which has been contemplated."

How Moltke acted upon the principle of " working out all possible eventualities of war in the most minute way " may be seen from a few examples. Every reservist and every militiaman (*Landwehrmann*) possessed written or printed instructions which told him exactly to which place he had to go for enrolment in case of war. When he arrived at his place of enrolment, his complete outfit for war, measured to his person in peace, would be found waiting for him. Every commander throughout the empire had complete general instructions what to do in the case of war. The confidential particular instructions regarding the final disposition and direction of troops, transport, &c., towards the frontier, were also in the possession of each commander, contained in sealed envelopes, which were only to be opened on the receipt of the order to mobilise. The military stores were placed where they were wanted in case of war, in order to avoid loss of time and congestion of railways in forwarding them. A special department of the General Staff, consisting now of about twenty officers, studied the means of transport, the capacities of the railways, and the number of trucks and engines required for the conveyance of each unit, and drew up a most marvellously complete programme for the despatch of the countless trains required in case of war, upon which programme the confidential sealed instructions were founded. Consequently the transport of a million men or more, with their horses, guns, stores, and baggage, to any frontier could take place smoothly and rapidly without a hitch. The arrival of each corps at the point where it would be required, was calculable, so to say, to the minute, and every now and then the whole enormous arrangement of time-tables had to be recast in order to allow for the

conveyance of additional troops or stores, or for the use of an additional piece of railway recently completed. Furthermore, the detailed plans for any and every campaign in which Prussia could possibly be involved were always kept ready in time of peace, and were frequently changed and brought up to date. For instance, Moltke's first plan of campaign in case of a war with France was dated 1857, and his final dispositions, which were exactly carried out in 1870, were made in winter, 1868.

However, not only were the resources of Germany studied "in the most minute way" by Moltke and his staff, but also those of all possible enemies. As a matter of fact, he knew more about the strength and armaments of the French army, the time required for its mobilisation, the configuration of the French frontier provinces, the capacity of the French railways for transport, &c., than did any man in the French War Office. In other words, Moltke created an organisation which, by means of most minute studies and the painstaking collection and comparison of countless exact data, made war no longer the risky vague encounter with hostile elements of uncertain strength, at an uncertain time, and in an uncertain and unknown country, as it had formerly been, but made war an encounter with certainties, and with clearly defined calculable chances.

How well Germany was prepared for war may be seen from the fact that we read in the *Denkwürdigkeiten* of the then Prussian Minister of War, Count Roon :—

"Roon has frequently said that the two weeks following the memorable night of the mobilisation have perhaps been the idlest and the freest from care during his career. As a matter of fact, the mobilisation machine worked with such exemplary

exactitude, and so completely without friction, that Roon and the War Office had not to reply to *one* inquiry of the commanding generals or of other commanders. This was the case though the order for mobilisation was given without any previous warning, and though many commanding generals and Staff officers were on their summer holiday, and a good number of them were even abroad."

Napoleon the Third was vaguely aware of the numerical inferiority of his army, as compared with the troops of Germany. Consequently his idea had been to act with the lightning rapidity and energy of his great ancestor, to throw himself upon the south of Germany before Germany was ready, carry the Southern States with him, whether they offered resistance or not, and then march against Prussia, strengthened by the accession of the South German contingents. The plan was well conceived, and might have succeeded if Napoleon the Third had calculated, not guessed, how long it would take France and Germany to mobilise their respective armies, and if he had prepared everything in peace time for such a rapid stroke in the complete manner of the Prussian Generalstab. But in view of the preparedness of Prussia, and of France's unpreparedness, this plan of campaign was simply childlike. The Prussian Generalstab knew better than Napoleon the Third what France was able to do. In Moltke's memoir of 1868 we find the time necessary for the mobilisation of the French army correctly given. While France wanted three weeks to complete the mobilisation of her army, Germany took only eleven days. Consequently Napoleon's brilliant plan of campaign, which looked as fine on paper as did his army, miscarried, for the well-schooled and perfectly-equipped German army corps fell into their places with the mathematical precision of a well-timed clockwork,

and with incredible rapidity crossed the frontier in overwhelming numbers long before the French were ready for their contemplated dash into the south of Germany.

The terrible defeats of France were the natural and logical consequence of her going lightly to war with an army which was chiefly for show on parade, and which was only able to win easy victories over inferior races. It was a court and society army, in which the best men of the nation found no place. It was neglected by the people, and ruled by society men, not according to common sense, but according to tradition, and was managed by a bureaucracy devoid of foresight, prudence, and common sense, but endowed with determined meanness, narrow-mindedness, and an exaggerated sense of its own importance, being at the same time stupid, pettish, and tyrannical.

Germany's victory over France was less due to superior strategy or to superior tactics than to her great superiority in methodic organisation for war. The victory of 1870–71 is a triumph of German organisation, and if we study the history of the collapse of the French army in 1870 in detail, and try to deduce the principal causes of the success of the German army, we arrive at the conclusion that highly organised foresight, fore-study, and fore-calculation, represented by the Prussian Generalstab, led the Germans to victory, and that the absence of these qualities caused the defeat of the French.

The Prussian Generalstab did not only directly prepare for war in the manner already described, but it also prepared indirectly for war by studying strategy and the innovations introduced into the tactics of other nations, studying new arms and equipments, investigating everything and adopting what was use-

ful, educating officers in regular courses under Moltke's personal supervision, surveying the country, &c. In short, the Generalstab served as the intellectual centre of the army, as the clearing-house of most valuable information. It was the highest supervising, inspecting, inventing, and organising authority. It was an organism which enabled Moltke to hold all the threads of the army in his hand, and make it obey the slightest pressure like a well-trained horse.

Ruled by the Generalstab, the German army was no longer a clumsy and soulless military machine as it was in 1806, but became a living, sensitive, and intelligent organism, which acted like one man, and to perpetuate his work Moltke implanted firmly his spirit of thoroughness and his strategical ideas into the Generalstab, being its chief during thirty-one years. Thus Moltke has not only served as an example to his officers, and has created a school, not of imitators, but of independent military thinkers, in Germany; but his principles of minute comprehensive inquiry and of careful foresight have also been applied to commerce and industry, and have made Germany surprisingly successful in the more peaceful arts.

It appears that to a modern army an effective Generalstab like that of Moltke is as indispensable for modern warfare as is smokeless powder or the repeating rifle. What the laboratory is to a chemical factory, that is the Generalstab to the modern army, and its place can as little be taken by the ablest commanding general as the analytical chemist, with his assistants, can be replaced by a practical manufacturer who goes by rule of thumb and his grandfather's prescriptions, and disdains new-fashioned inventions.

The startling success of Germany in 1870 has led

to the adoption of certain German institutions in our army, but unfortunately the spirit of the German army has not been adopted. Among others, a General Staff has been created, but while the German General Staff is of supreme weight and importance, employing over 400 officers and spending altogether some £270,000 per year, or twice as much as is spent on the Prussian War Office, the Intelligence and Mobilisation Division at the War Office is a shabby hole-and-corner institution, which employed recently seventeen officers at a cost of £11,000. The disproportion between the British and the German institutions becomes particularly startling when we remember how restricted the confines of Germany are, and how few the possible points of attack, if compared with the huge British Empire, its worldwide responsibilities, and its countless possible fields of action. While over 400 officers are thought necessary to serve a homogeneous sedentary army in one country, seventeen officers were thought sufficient to attend to the complex problems of a world empire which extends over five continents, and to an army whose contingents are strewn all over the globe.

Our General Staff really smacked of Savoy Opera. The seventeen officers composing it were gravely subdivided. Two officers were to look after the Colonial section, two after France, Italy, Spain, Portugal—and all America, &c. The task allotted to each officer was simply ludicrous, and their position was even more grotesque than that of a former Chinese ambassador who was appointed to the courts of Spain and Russia, and to the United States. In consequence of this state of affairs the British Intelligence Office was reduced to the ignominious position of a second-hand information bureau, for it was evidently impos-

sible for these few men unaided to get information themselves, or to accomplish anything really useful.

That the British General Staff is only meant to be a make-believe, and that the idea of the use of a General Staff has not been grasped by our politicians thirty-four years after the Franco-German war, can be seen from its subordinate position at the War Office. While the Prussian Generalstab represents the highest intelligence in the army, and while its chief is the greatest military genius, as Moltke was, who does not waste his time in administrative routine work, but is free to use his talents to rule and improve the army through the Generalstab, and to prepare everything for every possible war, the chief of the British General Staff was, until recently, a subordinate officer of unknown military capacity, and the Commander-in-Chief and the Secretary of State for War consequently considered the second-hand information which that shabby office could supply hardly worth looking at. Even to-day the functions of a General Staff are not sufficiently appreciated in this country, and the provisions made for it appear quite insufficient.

Because we have had commanders like the Duke of Wellington, or Lord Roberts, or Lord Kitchener, who have helped the country with their brilliant successes out of military scrapes, and have made up for the brainlessness of our army by their own great capacity, we evidently believe more in a commander of genius than in a good system, forgetting that a commander of genius *and* a good system is a far more valuable possession to the nation than the same commander *without* a good system. Besides, it should be remembered that the coincidence of an inferior commander and a bad system would be absolutely fatal to the empire in case of war; while a good

system, like that of the Prussian army with its Generalstab, will single out able commanders and is devised to constantly regenerate the army.

In former centuries, when armies were small, armaments simple, and the problems of war few and of easy solution, a good general was able, with the help of some assistants, to create his army, to administer it in peace, educate it, prepare it for war, and lead it in battle, as did Frederick the Great. The British army organisation has been handed down from former centuries when it was adequate, and it has unfortunately not been sufficiently adapted to modern requirements. Hence our discomfitures in South Africa.

The highly complicated machinery of civilisation, the rapidity of progress, and the manifold inventions influencing war have caused rapid changes in the art of war, and have made the preparation for war a most important and most complicated duty. Consequently, we require now for the conduct of war and for the organisation of an army what we require for the successful conduct of a very large business—a chief unhampered by routine work who can devote all his time to improving the service, intelligent division of labour, the service of highly-trained specialists, wise decentralisation, free competition among officers, free play to individual initiative coupled with absolute responsibility, a clearing-house of information, the best appliances and arms, and, before all, the application of science to warfare by an organised thinking department.

Unless a special department on the lines of the Prussian Generalstab is created, with the ablest soldier of the nation at its head, the important duties of preparing for war in the most minute way, of

educating officers for the highest commands, not by Staff College theorists but by a Roberts or a Kitchener, will remain neglected, and the important duty of reforming and regenerating the army will remain unfulfilled. The British army will remain brainless, and the nation will in the next war experience disappointments similar to, if not worse than, those it has experienced during the late South African campaign.

The German navy had to be created out of nothing, for, until a few decades ago, Prusso-Germany possessed no warships whatever. In 1848, the first attempt was made to create a German fleet, which was largely paid for by voluntary contributions, as has already been mentioned in Chapter IV. A few small ships were got together in this manner, and a Mr. Bromme, an adventurer, who had served in the Greek navy, was made "Captain of the Imperial Marine," which, four years after its creation, in 1852, was sold by public auction.

In 1849, Prussia created a navy of her own, and a Dutchman, Commodore Schröder, was made the commander of the Prussian fleet, which at the beginning was composed of two armed steam-boats and 27 rowing gun-boats (which mounted together 67 guns), 37 officers, and 1521 men. I believe the present navy of Siam or Liberia is considerably more formidable than was the Prussian navy at its commencement. From these small beginnings sprang the present German fleet. Prusso-Germany's maritime experience was so small that foreigners had to be engaged as instructors and commanders, and not only fifty years ago, but even until a comparatively recent date, it was thought advisable to entrust the supreme command of the German navy to military officers of proved ability.

After the foundation of the German Empire, in 1871, Lieutenant-General von Stosch was made Chief of the Admiralty. His successor was Lieutenant-General von Caprivi, who became Chief of the Admiralty in 1883. Only since 1888 has the German Admiralty received an Admiral for its head.

In Cromwell's time, the British navy, which then was in a very bad state, was handed over to Colonels Blake and Monk, who were made "Generals at sea," and they reformed the navy by adapting Cromwell's excellent army organisation to the sister service. Strange to say, Colonels Blake and Monk proved themselves two of the most capable British Admirals. Germany, consciously or unconsciously, followed Cromwell's precedent, and she has no reason to regret that she put two of her ablest Generals at the head of her new navy. Stosch and Caprivi proved excellent organisers, and under their command the German navy became thoroughly up-to-date, exceedingly well-managed, thoroughly efficient, and completely ready for war. The organisation of the German General Staff was adapted to naval requirements, and Germany created an Admiral Staff, which she possessed for some considerable time, until, at Lord Charles Beresford's urgent representations, a similar, but apparently insufficiently strong, organisation was created for the British navy.

The German navy is small as compared with the British navy, but it is very rapidly growing. It is perfectly prepared for war, down to the smallest detail, and practically the entire fleet is kept in home waters, ready to strike with full force at once when war breaks out. According to Monsieur Lockroy, the former Minister of the Marine of France, who was granted special facilities by the Emperor

to study the German navy, the German fleet is the best organised in the world, and the Germans are confident that they can already hold their own against any navy except that of Great Britain.

On sea and land, Germany is equally ready for war, and equally able to strike with surprising celerity and with all her force at once. The maxim of Archduke Charles, "He who is surprised in war is already half-defeated," has become the motto of the armed forces of Germany, and at her next war Germany will surprise the world by the suddenness with which she will strike her first blows, and these first blows may decide the issue.

CHAPTER VII

THE SOCIAL DEMOCRATIC PARTY

ALMOST every country possesses a more or less turbulent party which is considered to be a party of subversion: Great Britain has the Irish Nationalists, France the Nationalists, Germany the Social Democrats. That subversive party represents either unruly or unhappy men of limited numbers who are united by a common grievance, such as the Irish Nationalists; or it is composed of a moderate number of malcontents of every kind, class, and description, who are loosely held together by their common desire to fish in troubled waters, such as the French Nationalists; or it consists of vast multitudes of all sorts and conditions of men, such as the Social Democrats in Germany, and is then the unmistakable symptom of deep-seated, wide-spread, and almost universal popular discontent. In Germany alone, of all countries in and out of Europe, it has happened that by far the strongest political party has received neither sympathy nor consideration at the hands of the Government. Instead, it has again and again, officially and semi-officially, been branded as the enemy of society and of the country, "Die Umsturzpartei," the party of subversion. For instance, at the Sedan banquet on the 2nd of September 1895, the present Emperor declared in a speech that the members of that vast party which had polled 1,786,000 votes in 1893 were "a band of fellows not

worthy to bear the name of Germans," and on the 8th of September in a letter to his Chancellor his Majesty called the Social Democrats "enemies to the divine order of things, without a fatherland."

It can hardly be doubted that in the future, and perhaps earlier than is generally expected, the Social Democrats will be called upon to play a great part in German politics, and possibly also in international politics, though their influence upon foreign policy would be indirect and unintentional. It would therefore seem worth while to look into the history, views, composition, and aims of that interesting party, which may be said to be in many respects unique. As the full history of the Social Democratic Party in Germany would be as bulky as that of the British Liberal Party, it will, of course, be impossible to give more than a mere sketch of it in these pages. It may, however, be found that a sketch brings out the essential points and light and shade more clearly and more strongly than would a lengthy and detailed account.

The creation of the Social Democratic Party in Germany, like the inauguration of many other political movements in that country, is not due to the practical politician but to the bookish doctrinaire. Roughly speaking, it may be said that that party has been created by the writings of the well-known Socialist authors, Karl Marx, Friedrich Engels, and Ferdinand Lassalle. It suffices to mention these names in order to understand that German Social Democracy was at first animated by the spirit of the learned and well-meaning, but somewhat nebulous and very unpractical, idealists who had read many books, and who sincerely wished to lead democracy from its misery and suffering straight into a millennium of

their own creation, without delay and without any intermediate stations.

The fate of the followers of Marx, Engels, and Lassalle varied greatly. Some of them dissented and founded comparatively unimportant political schools and groups of their own, some became anarchists like Johann Most, some lost themselves in theoretical speculations and became respectable professors; but the vast majority of Lassalle's followers developed into the Social Democratic Party in Germany, and that party became, by gradual evolution, the level-headed political representative of German labour under the able guidance of talented working men. Its present chief is the turner, August Bebel, and among the most prominent members of the party are workmen such as Mr. Grillenberger, a locksmith; Mr. Auer, a saddler; Messrs. Molkenbuhr and Meister, cigar-workers; Mr. Bernstein, the son of an engine-driver; Mr. von Vollmar, formerly a post-office official. Working men such as those mentioned manage, lead, and control the party, which may be said to embrace about 3,000,000 men, and maintain perfect order and absolute discipline amongst that vast number.

From its small beginnings up to the time of its present greatness, German Social Democracy has been democratic in the fullest sense of the word. Some working men of a similar stamp to those mentioned, together with Wilhelm Liebknecht, a poor journalist, created the party, organised it, and led it. These leaders were always under the constant and strict control of the members of the party. Individual members often inquired, sometimes in an uncomfortably democratic spirit, not only into the expenditure of the meagre party fund, which for a long

time did not run into three figures, and of which every halfpennny had to be accounted for, but even cross-examined the party leader, the aged Liebknecht, as to his household expenses, and censured him for taking a salary as editor-in-chief of the *Vorwärts*, the great Social Democratic Party organ, and keeping a servant, instead of living like an ordinary working man.

The idea of absolute equality, which is often found in small democratic societies, but which is usually lost when the society expands into a party, especially if that party is of enormous size, has been strictly preserved by the Social Democrats in Germany. This conservation of its original character was all the easier as the party had neither a great nobleman nor a distinguished professor for a figure-head, nor even wealthy brewers and bankers for contributors to the party fund, who might have influenced the party policy as they do in this country. Thus the Social Democratic Party was, and has remained, essentially a Labour Party; it has preserved its truly democratic, one might almost say its proletarian, character. However, it has been sensible enough not to write consistency on its banners, and has quietly dropped one by one the Utopian views and doctrines which it had taken over from the bookish doctrinaires who were its originators.

The Constitution of the German Empire gave universal suffrage to its citizens, and the number of Social Democratic votes, which had amounted to only 124,700 in 1871, rose rapidly to 342,000 in 1874, and to 493,300 in 1877. Bismarck had been watching the rapid development of Social Democracy with growing uneasiness and dislike, and was casting about for a convenient pretext to strike at it when, on the

11th of May, 1878, Hödel, an individual of illegitimate birth, besotted by drink, and degraded by vice, and consequent disease, fired a pistol at the Emperor William.

Long before his attempt on the Emperor, Hödel had been expelled from the Social Democratic Party, to which he had once belonged, on account of his personal character and his anarchist leanings, and he had joined the "Christian Socialist Working Men's Party" of Mr. Stöcker, the court preacher. Consequently it was not possible, by any stretch of imagination, to lay the responsibility for his attempt at the doors of the Social Democratic Party. Nevertheless, Bismarck endeavoured to turn this attempt to account in the same way in which, in 1874, he had laid the moral responsibility for Kullmann's murderous attempt on himself upon the Clerical Party, against which he was then fighting. He at once brought forward a Bill for the suppression of Social Democracy, but that Bill was rejected by 251 votes against 57.

By one of those fortunate coincidences which have always played so conspicuous a part in Bismarck's career, a second attempt on the Emperor's life was made by Nobiling, only three weeks after that of Hödel, and this time the aged monarch was very seriously wounded. At one moment the doctors feared for his life, but in the end the copious bleeding was a blessing in disguise, for it rejuvenated the Emperor in mind and body.

The two murderous attempts, following one another so closely, naturally infuriated the population of Germany, and, though Nobiling also was not a Social Democrat, Bismarck succeeded this time in turning the feelings of the people against Social Democracy. He immediately dissolved the Reichstag and fanned

the universal indignation at the crime to fever heat by his powerful press organisation; in the numerous journals throughout the land which were influenced from the Chancellory in Berlin, it was constantly declared that these repeated outrages were the dastardly work of Social Democracy. At the same time a reign of terrorism against Social Democracy was initiated by the German police authorities. Countless political meetings of the Social Democrats were forbidden, a large number of Social Democratic newspapers were suppressed, and the law courts inflicted in one month no less than 500 years of imprisonment for *lèse-majesté*.

During the enormous excitement prevailing and in the seething turmoil caused by those two attempts, by the critical state of the Emperor, by the passionate campaign of the semi-official press against the Social Democratic Party, and by the relentless persecutions waged against the members of that party by the police, the new elections took place, and, naturally enough, their result was that a majority in favour of exceptional legislation against Social Democracy was returned into the Reichstag. Bismarck brought the famous Socialist Law before Parliament without delay, and it was quickly passed, and was published on the 21st October in the *Reichsanzeiger*.

Then the reign of terror, of which the Social Democrats had already received a foretaste, began in earnest for that unhappy party. Within eight months the authorities dissolved 222 working men's unions and other associations, and suppressed 127 periodical publications and 278 other publications, by virtue of the discretionary powers given to them by the Socialist Law. Innumerable *bona fide* co-operative societies were compelled by the police to

close their doors without any trial and without the possibility of appeal, and numerous Social Democrats were equally summarily expelled from Germany at a few days' notice, through the discretion which the new Act had vested in the police. Many were placed under police supervision, others were not allowed to change their domicile. Thousands of Social Democrats were thus reduced to beggary, many being thrown into prison, and many fleeing to Switzerland, England, or the United States.

The first effect of the new law upon Social Democracy was staggering. The entire party organisation, the entire party press, and the right of the members of the party to free speech, had been destroyed by the Government, and for the moment the party had become a disorganised and terrified mob. Everywhere in Germany scenes of tyranny were enacted by the police. In Frankfort-on-the-Main, a Social Democrat was buried, and, for some trifling reason, the police attacked the mourners in the very churchyard with drawn swords, and thirty to forty of the men were wounded. In 1886 a collision took place between some Social Democrats and some policemen in plain clothes, who, according to Social Democratic evidence, were not known to be policemen. With incredible severity, eleven of the Social Democrats were punished for sedition, some with no less than ten and a half years' penal servitude, some with twelve and a half years of imprisonment. For the moment the Social Democratic Party was staggered by the rapidly succeeding blows. The election of 1878 reduced the number of Social Democratic votes from 493,300 to 437,100, and in the next election, that of 1881, it sank even as low as 312,000.

Prosecutions were not brought merely against such Social Democrats as were considered lawbreakers by the local authorities and the police. On the contrary, the German Government directed the law with particular severity against the intellectual leaders of the party in Parliament, in the vain hope of thus extirpating it. Bebel and Liebknecht, the heads of the party and its leaders in the Reichstag, were dragged again and again before the law courts by the public prosecutor, often only in the attempt to construct, by diligent cross-examination, a punishable offence out of some inoffensive words which they had said, and time after time the prosecution collapsed ignominiously, and both men were found not guilty; time after time they were condemned to lengthy terms of imprisonment for *lèse-majesté*, high treason, and intended high treason.

Liebknecht received his last conviction of four months of imprisonment, for *lèse-majesté*, as a broken man of nearly seventy years, and even his burial in August 1900 was marked by that petty and annoying police interference under which he had suffered so much during his life. No less than 2000 wreaths and other floral tributes had been sent by Liebknecht's admirers, yet, in the immense funeral procession, in which about 45,000 people took part, not one wreath, not one banner was to be seen, for the police had forbidden their inclusion in the procession. Though hundreds of thousands of Social Democrats attended the funeral in the procession and in the streets of Berlin, and in spite of the provocative orders of the police, no breach of the peace occurred, no arrest took place, an eloquent testimonial to the orderliness and discipline of the party of subversion.

Bismarck soon recognised that his policy of force

and violence promised to be unsuccessful. Therefore he tried not only to vanquish Social Democracy by breaking up the party organisation, confiscating its books and documents, by destroying the party press, and by taking from Social Democrats the right of free speech, but he tried at the same time to reconcile the German working men with the Government that persecuted them by a law instituting State Insurance for workmen against old age and disablement, in order to entice them away from their leaders, and to make them look to the State for help. However, his Workmen's Insurance Laws failed to fulfil the chief object which they were to serve.

According to the Social Democratic leaders the Imperial Insurance scheme kept not one vote from Social Democracy, especially as the Insurance Law did not satisfy the workers by its performance. German workmen complain that the benefits which they derive under the Insurance scheme are purely nominal, that the premiums paid come chiefly out of their own pockets, that the contributions made by the employers are insufficient, and that the cost of the management is excessive. Consequently it is only natural that this law has failed to appease outraged German democracy, and that it is scorned by it as a bribe.

Gradually the terror of prosecution wore off and became familiar to Social Democrats, political meetings were held in secret, party literature printed in Switzerland was smuggled over the frontier and surreptitiously distributed. By-and-by the party pulled itself together, and found that determination and perseverance which are only born from adversity, and which are bound to lead individuals and parties possessing these qualities to greatness. The campaign

of oppression and the creation of martyrs had done its work. As Bismarck had created the greatness of the Clerical Party by the "Kulturkampf," with its prosecution of Roman Catholicism, even so he created the greatness of the Social Democratic Party. Social Democracy began again to take heart, and, from 1881 onwards, we find a marvellous increase in the Social Democratic votes recorded, notwithstanding, or rather because of, all the measures taken against it by the Government. In eighteen years the Social Democratic vote has increased sevenfold. The astonishing progress of the party since 1881 is apparent from the following table :—

Election	Social Democratic Votes polled	Total Votes polled	Percentage of Social Democratic Votes
1881	312,000	5,097,800	6.12 per cent.
1884	550,000	5,663,000	9.68 ,,
1887	763,100	7,540,900	10.11 ,,
1890	1,427,300	7,228,500	19.74 ,,
1893	1,786,700	7,674,000	23.30 ,,
1898	2,107,076	7,752,700	27.18 ,,
1903	3,010,771	9,495,586	31.71 ,,

When Bismarck saw Social Democracy increasing, notwithstanding all his efforts at repression, he tried another method. It happens very frequently in Germany that three, four, or more candidates, representing as many parties, stand for one seat. If in such a case none of the candidates obtains a majority over the combined votes given to all the other candidates, a second poll has to take place between the two candidates who have received the largest number of votes, whilst the other candidates have to withdraw. In the elections of 1898, for

instance, a second poll took place for no less than 48 per cent. of the seats. In order to destroy the chances of Social Democratic candidates in the very frequent second polls, Bismarck and his press used to constantly brand the Social Democratic Party as the State-subverting Party, and to enjoin "the parties of law and order," as he called the other parties, to stand shoulder to shoulder against the common enemy of Society and of the Fatherland.

Fifteen years have passed since Bismarck's dismissal, but official Germany has not yet discovered a new method for the treatment of Social Democracy, and therefore it merely copies Bismarck's example. The Social Democratic Party is still loudly denounced to every good patriot as the party of subversion, which has to be shunned and combated, and thus the election managers of the numerous parties and factions, which number more than a dozen, have, up to now, in case of a second poll, preferred giving the votes of their party to the candidate of any other party to incurring the odium in official circles of having helped a Social Democrat into the Reichstag. But voices of protest begin to be heard all over Germany against the official fiction which brands Social Democracy as a pest, the enemy of the Country, of Society, of Monarchy, of Family, and of the Church. In December 1902, Professor Mommsen, the greatest living historian, wrote in the *Nation* :—

"There must be an end of the superstition, as false as it is perfidious, that the nation is divided into parties of law and order on the one hand, and a party of revolution on the other, and that it is the prime political duty of citizens belonging to the former categories to shun the Labour Party as if it were in quarantine for the plague, and to combat it as the enemy of the State."

In March 1890 Bismarck was dismissed by the present Emperor, and a few months later the exceptional law against Social Democracy disappeared. The net result of that law had been that 1500 Social Democrats had been condemned to about 1000 years of imprisonment, and that the Social Democratic vote had risen from 437,158 to 1,427,298. The effect of the Socialist Law, with all its persecution, was the reverse of what Bismarck had expected, for it has made that party great. If less drastic means had been employed by Bismarck, if less contempt and contumely had been showered upon Social Democracy by the official classes and society, and if instead consideration for the legitimate wishes and confidence in the common sense of the working men's party had been shown by the Government, Social Democracy would not have attained its present formidable strength.

Among the various causes which led to the rupture between the present Emperor and Prince Bismarck, a prominent place may be assigned to the difference in their views with regard to the treatment of Social Democrats. When William the Second came to the throne he clearly saw the failure of Bismarck's policy of oppression, and, probably influenced by the liberal views of his English mother, resolved to kill Social Democracy with kindness. This idea dictated his well-known retort to Bismarck, "Leave the Social Democrats to me; I can manage them quite alone!" Even before Bismarck's dismissal William the Second demonstrated to the world his extremely liberal view regarding the German workmen with that astonishing impetuousness and with that complete disregard of the views of his experienced official advisers to which the world has since become accustomed. On

the 4th of February 1890 an Imperial rescript was published which lacked the necessary counter-signature of the Imperial Chancellor, whereby the responsibility for that document would have been fixed upon the Government. This Imperial pronouncement declared it to be the duty of the State ". . . to regulate the time, the hours, and the nature of labour in such a way as to insure the preservation of health, to fulfil the demands of morality, and to secure the economic requirements of the workers, to establish their equality before the law, and to facilitate the free and peaceful expression of their wishes and grievances." A second rescript called together an International Conference for the Protection of Workers.

These Imperial manifestations, which emanated directly from the throne, were greeted with jubilation by German democracy; but the extremely liberal spirit which these documents breathed vanished as suddenly as it had appeared, and gave way to more autocratic and directly anti-democratic pronouncements, with that surprising rapidity of change which has become the only permanent and calculable factor in German politics. Whilst the words of the Imperial rescripts were still fresh in every mind, and whilst German democracy still hoped to receive greater consideration at the hands of the Government than heretofore, and looked for a more liberal and more enlightened régime, messages like the following, addressed to democracy, fell from the Imperial lips :—

We Hohenzollerns take Our crown from God alone, and to God alone We are responsible in the fulfilment of Our duties.

The soldier and the army, not Parliamentary majorities and resolutions, have welded together the German Empire.

Suprema lex regis voluntas.

Only One is master in the country. That am I. Who opposes Me I shall crush to pieces.

Sic volo, sic jubeo.

All of you shall have only one will, and that is My will; there is only one law, and that is My law.

Parliamentary opposition of Prussian nobility to their King is a monstrosity.

For Me every Social Democrat is synonymous with enemy of the nation, and of the Fatherland.

On to the battle, for Religion, Morality, and Order, and against the parties of subversion. Forward with God! Dishonourable is he who forsakes his King!

The Emperor did not confine himself to making in public pronouncements highly offensive and hostile to German democracy such as those mentioned, but set himself the task of actively combating Social Democracy. Consciously or unconsciously, he gradually dropped into Bismarck's ways, which he had formerly condemned, and copied, to some extent, Bismarck's methods, Bismarck's tactics, and Bismarck's mistakes. When, on the 13th of October 1895, a manufacturer named Schwartz was murdered in Mülhausen by a workman who had been repeatedly convicted of theft, William the Second telegraphed to his widow, "Again a sacrifice to the revolutionary movement engendered by the Socialists," imitating Bismarck's attempt at foisting the guilt for an individual crime upon a Parliamentary party which then comprised 2,000,000 members.

The Socialistic Law of 1878 had been a complete failure, as has already been shown. Nevertheless, the Government tried not exactly to revive it but to introduce, under a different title, a near relative of that law of exception, which breathed the same spirit of intolerance and violence; for in 1894 a Bill which is known under the name "Umsturz Vorlage" (Sub-

version Bill) was brought out by the Government. This Bill made it punishable "to attack publicly by insulting utterances Religion, the Monarchy, Family, or Property in a matter conducive to provoke a breach of the peace, or to bring the institutions of the State into contempt." That Bill, which, with its flexible provisions, would have allowed of the most arbitrary interpretations, and would have virtually given a free hand to the police and to public prosecutors and judges anxious to show their zeal and patriotism in the relentless persecution of Social Democracy, was thrown out in the Imperial Reichstag. Notwithstanding the failure of that Bill another Bill, of similar character, but intended for Prussia alone, was laid before the Prussian Diet on the 10th of May 1897, empowering the police to dissolve all meetings "which do not conform with the law, or endanger public security, especially the security of the State or of the public peace." This Bill also was rejected by the Prussian Diet.

Shortly after this second failure, William the Second made another and still more startling attempt to suppress Social Democracy. On the 5th of September 1898, he declared at a banquet in Oeynhausen, ". . . A Bill is in preparation, and will be submitted to Parliament, by which every one who tries to hinder a German worker who is willing to work from doing his work, or who incites him to strike, will be punished with penal servitude." Naturally this announcement, which promised that strikers and strike-agitators would in future be treated as felons, created an enormous sensation throughout the country. After a delay of nine months, which betrayed its evident hesitation, the Government brought out a Bill, which, however, had been con-

siderably toned down with regard to its promised provisions. Still it was draconic enough, for it made threats against non-strikers, inducing to strike, and picketing punishable with imprisonment up to one year. Its *pièce de résistance* was the following paragraph :—

"If, through a strike, the security of the Empire or of one of the single States has been endangered, or if the danger of loss of human lives or of property has been brought about, penal servitude up to three years is to be inflicted on the men, and penal servitude up to five years on the leaders."

This Bill, like that of 1894, possessed an unpleasant elasticity which could make it an instrument of tyranny in the hands of judges anxious to please in an exalted quarter, and the "Penal Servitude Bill," which had so rashly and so loudly been announced *urbi et orbi* by his Majesty, shared the ignominious fate of the two Bills before mentioned.

The attempt to pass a Bill of repression directed against Social Democracy through either the Reichstag or the Prussian Diet will probably not be so soon renewed by the Emperor; but those who know William the Second can hardly doubt that his Majesty deeply resents his repeated failure to crush Social Democracy by legislation, notwithstanding the repeated "solemn promises" which he has made in public that he would initiate such legislation. Therefore the question is often raised among the people, "Will the impetuous Emperor continue to tamely give way to Social Democracy and to the Reichstag, or what will he do to enforce his will?"

The Conservative parties and the National Liberal Party, which cultivates only that kind of Liberalism which is pleasing to the Government, have already loudly recommended a solution of that difficulty. I

give the views of some of the most prominent members of the Conservative Party. Count Mirbach stated at the meeting of his party, on the 1st of January 1895, that universal suffrage was a derision of all authority, and recommended the abolition of the secret ballot. The same gentleman stated in the Prussian Upper House, on the 28th of March 1895, "The country would greet with jubilation a decision of the German Princes to create a new Reichstag on the basis of the new Election Law." In the same place Count Frankenberg stated two days later, "We hope to obtain a new Election Law for the German Empire, for with the present Election Law it is impossible to exist." Freiherr von Zedlitz, Freiherr von Stumm, and Von Kardorff uttered similar sentiments. At the meeting of the Conservative Party on the 8th of March 1897, Freiherr von Stumm said, "The right to vote should be taken away from the Social Democrats, and no Social Democrat should be permitted to sit in the Diet," and Count Limburg-Stirum likewise advocated their exclusion. The official handbook of the Conservative Party, most Conservative and many Liberal papers, have warmly applauded these views, whereby a *coup d'état* by the Government is cordially invited.

Will the Emperor listen to these sinister suggestions when the difficulties in German home politics become acute, for their chief importance lies in the fact that they have largely been made in the confident assumption that they would please William the Second. Will he act rashly on the impulse of the moment, or will he act with statesmanlike prudence? Or will he allow a chance majority of Conservatives and National Liberals to alter the Constitution and to disfranchise democracy? So much is certain, that

the Emperor's personal influence for good or for evil will be enormous when the Social Democratic question comes up for settlement. Will he use his vast power with the recklessness of the soldier or with the caution of the politician ?

The aims of the Social Democrats in Germany, generally speaking, are similar to those of the workers in all other countries—they wish to better themselves politically, economically, and socially.

Politically, German democracy is not free. Though universal suffrage exists for the Imperial Reichstag, it little helps German democracy, for the German Parliament has far less power over the Government than had the English Parliament under Charles the First. The facts that the Emperor can, at will, dissolve Parliament, according to Article 12 of the Constitution ; that he nominates and dismisses officials, according to Article 18 ; and that the Cabinet is responsible only to the Emperor, prove, if any proof is needed, the helplessness of the German Parliament before the Emperor and his officials, who are nominated and dismissed, promoted and decorated by him, and by him alone. Parliament in Germany has no control whatever over, and hardly any influence upon, the policy of the Empire and upon its administration. Its sole duty is to vote funds and laws.

In the single States, German democracy fares still worse. The election for the Prussian Diet, to give an instance, takes place upon the following system. The whole body of the electors is divided into three classes according to the amount of taxes paid, each class contributing an equal amount and having the same voting power. The practical working of this curious system may be illustrated by the case of Berlin. The

voters of Berlin belonging to those three classes were in 1895 distributed in the following way :—

Voters of the first class	1,469
„ „ second class	9,372
„ „ third class	289,973
Total of voters in Berlin .	300,814

The figures given prove that the three classes system is the capitalistic system *par excellence*, for each of the rich men voting in the first class in Berlin possesses two hundred votes, each of the well-to-do men in the second class has thirty votes, and the combined first and second classes, or 3½ per cent. of the electorate in the case of Berlin, form a solid two-thirds majority over the remaining 96½ per cent. of the electorate. There are, besides, some further complications in that intricate system which it would lead too far to enumerate. At any rate, it is clear that that kind of franchise is worthless to democracy. A similar kind of franchise prevails in other German States.

Socially also, German democracy has much to complain of. Except in the large centres, the position of the German working man is a very humble one. There are two words for employer in German, which are frequently heard in Germany, "brodgeber" and "brodherr," which translated into English mean "breadgiver" and "breadmaster." These two words may be considered illustrative of the German worker's position toward his employer in the largest part of the country. Further grievances of German Social Democracy are the all-pervading militarism, the exceptional and unassailable position of the official classes, the prerogatives of the privileged classes, and the widespread immorality which has undermined and debased

the position of woman in Germany. Nothing can better illustrate the latter grievance of Social Democracy, which is not much known abroad, than reference to the daily papers. For instance, in a number of the *Lokalanzeiger* under my notice, there are to be found the following advertisements :—

Seventy-four marriage advertisements (some doubtful).
Forty-nine advertisements of lady masseuses (all doubtful).
Nine demands for small loans, usually of £5, by "modest widows" and other single ladies (all doubtful).
Six acquaintances desired by ladies (all doubtful).
Five widows' balls, "gentlemen invited, admission free" (all doubtful).
Thirty apartments and rooms "without restrictions" by the day (all doubtful).
Forty-seven maternity homes, "discretion assured; no report home" (all doubtful).
Sixteen babies to be adopted.
Sixteen specialists for contagious disease.

These advertisements, found in one daily journal of a similar standing to that of the *Daily Telegraph*, and similar in kind and extent of circulation, explain better the state of morality in Germany, and the consequent attitude of the German Social Democratic working man towards morality, than would a lengthy dissertation illustrated with voluminous statistics. This state of affairs explains the importance with which the question of morality and of the position of women is treated in the political programme of Social Democracy, and redounds to the credit of the German working man.

In order to become acquainted, not only with the actual wishes of Social Democracy, but also with the tone in which those wishes are expressed, and with the manner in which they are formulated, we cannot do better than turn to the *Official Handbook for Social*

Democratic Voters of 1898. The passages selected are such as prove in the eyes of German officialdom that Social Democracy is the enemy of the Country, of Society, of Monarchy, of the Family, and of the Church. At the same time, they clearly show the fundamental ideas of that party, and clearly reveal the spirit by which it is animated. The *Handbook* says:—

"The aim of Social Democracy is not to divide all property, but to combine it and use it for the development and improvement of mankind, in order to give to all a life worthy of man. Work shall become a duty for all men able to work. The word of the Bible, 'He that does not work neither shall he eat,' shall become a true word.

"Marriage, in contradiction to religious teachings, is in innumerable cases a financial transaction pure and simple. Woman has value in the eyes of men only when she has a fortune, and the more money she has the higher rises her value. Therefore marriage has become a business, and thousands meet in the marriage market, for instance, by advertisements in newspapers, in which a husband or a wife is sought in the same way in which a house or a pig is offered for sale. Consequently unhappy marriages have never been more numerous than at the present time, a state of affairs which is in contradiction to the real nature of marriage. Social Democracy desires that marriages be concluded solely from mutual love and esteem, which is only possible if man and woman are free and independent, if each has a free existence and an individual personality, and is therefore not compelled to buy the other or to be bought. This state of freedom and equality is only possible in the socialistic society.

"Who desires to belong to a Church shall not be hindered, but he shall pay only for the expenses of his Church together with his co-religionists.

"The schools and the whole educational system shall be separated from the Church and religious societies, because education is a civil matter.

"The God of Christians is not a German, French, Russian, or English god, but a God of all men, an international God. God is the God of love and of peace, and therefore it borders upon blasphemy that the priests of different Christian nations

invoke this God of love to give victory to their nation in the general slaughter. It is equally blasphemous if the priest of one nation prays the God of all nations for a victory over another nation. In striving to found a brotherhood of nations and the peaceful co-operation of nations in the service of civilisation, Social Democracy acts in a most Christian spirit, and tries to realise what the Christian priests of all nations, together with the Christian monarchs, hitherto would not, or could not, realise. By combining the workers of all nations, Social Democracy tries to effect a federation of nations in which every State enjoys equal rights, and in which the peculiarities of the inner character of every nation may peacefully develop."

In reading through the lines quoted, or indeed through the whole book, or the whole Social Democratic literature available, one cannot help being struck with respect for this huge party of working men and its powerful aspirations towards a higher level, notwithstanding a certain crudity of thought, and a certain amateurishness of manner which occasionally betrays itself, but which time and experience will easily rectify.

Ideas such as those quoted have been instrumental in framing the programme of the party, which is idealistic as well as utilitarian. The ten demands of the programme are given in abstract :—

(1) One vote for every adult man and woman; a holiday to be election day; payment of members.
(2) The Government to be responsible to Parliament; local self-government; referendum.
(3) Introduction of the militia system.
(4) Freedom of speech and freedom of the press.
(5) Equality of man and woman before the law.
(6) Disestablishment of the Churches.
(7) Undenominational schools, with compulsory attendance and gratuitous tuition.

(8) Gratuitousness of legal proceeding.

(9) Gratuitous medical attendance and burial.

(10) Progressive Income Tax and Succession Duty.

Were the Social Democrats as black as they have been painted, the leaders could not have kept the millions of their followers in such perfect order. Again, if the Social Democratic politicians were selfish or mercenary, as has been asserted, they would not die poor men. Liebknecht once said, and his case is typical for the leaders of Social Democracy, "I have never sought my personal advantage. If I am poor after unprecedented persecutions, I do not account it a disgrace. I am proud of it, for it is an eloquent testimony to my political honour." The *Kölnische Zeitung*, commenting on these words, justly observed, "It would be unjust to deny Social Democracy the recognition of the high personal integrity of its leaders." While the gravest scandals have discredited more than one German party and its leaders, the Social Democratic Party has, so far, stood immaculate—an eloquent vindication of the moral force of democracy, which force has been so thoroughly misunderstood in Germany.

The lack of understanding and of sympathy with Social Democracy and its aims is not restricted to official circles in Germany, which are entirely out of touch with democracy. Typical of these views on Social Democracy is the following pronouncement by Professor H. Delbrück, the distinguished historian, which appeared in the *Preussische Jahrbücher* for December 1895 :—

"The duty of the Government is not to educate Social Democracy to decent behaviour, but to suppress it, or, if that should be impossible, at least to repress it, or, if that be impossible, at least to hinder its further growth. . . . What is

necessary is that the sentiment should be awakened among all classes of the population that Social Democracy is a poison which can be resisted only by the strongest and united moral opposition."

German democracy in the shape of the Social Democratic Party can not only raise the claim of moral force and numerical strength, of discipline and integrity, but can also be proud of the consummate political ability of its leaders and of the spirited support which these leaders have received from all the members of the party. No better and no juster testimonial, with regard to these qualities, can be given than the recent pronouncement of the great German historian, Professor Mommsen :—

"It is unfortunately true that at the present time the Social Democracy is the only great party which has any claim to political respect. It is not necessary to refer to talent. Everybody in Germany knows that with brains like those of Bebel it would be possible to furnish forth a dozen noblemen from east of the Elbe in a fashion that would make them shine among their peers.

"The devotion, the self-sacrificing spirit of the Social Democratic masses, impresses even those who are far from sharing their aims. Our Liberals might well take a lesson from the discipline of the party."

Whilst other German parties have split into factions or have decayed, owing to the unruliness of their undisciplined members or to the apathetic support given by the voters, or to the skilful action of the Government which brought about disintegration, the Social Democratic Party alone in Germany has, since its creation, constantly been strong and undivided, notwithstanding the many and serious difficulties which it has encountered. It is, no doubt, by far the best-led, the best-managed, and the most

homogeneous party in Germany, and is, indeed, the only party which, from an English point of view, can be considered a party. Similarly, there is in Germany no journal more ably conducted, for the purpose which it is meant to serve, than the Social Democratic Party organ the *Vorwärts*.

The Social Democratic Party does not possess in the Reichstag that numerical strength which one might expect from the numerical strength of its supporters, for it is greatly under-represented in that assembly. This great under-representation springs partly from the fact that, in the frequently occurring second polls, the other parties have usually combined to oust the Social Democratic candidate as before related; partly it is due to the fact that German towns are still represented by the same number of deputies as they were in 1871, notwithstanding the immense increase in the German town population since that year. No redistribution has been effected or seems likely to be effected, because the German Government does not wish to strengthen the Liberal and Social Democratic parties which, so far, have had their chief hold on the towns, and Parliament has no means of enforcing redistribution. Owing to the rapid growth of the towns, they are greatly under-represented, whilst the country is correspondingly over-represented. In 1893 the voters in the Parliamentary country divisions of the Empire numbered on an average 22,537, whilst the voters in the town divisions numbered on an average 41,098, and that disproportion has been still further increased since 1893. In that year there were seventy-five Parliamentary country divisions with less than 20,000 voters, whilst there were twenty-nine town divisions with more than 40,000 voters; and in consequence

of this state of affairs it happens that Schaumburg, with only 8,987 voters, and the district Berlin VI., with no less than 142,226 voters, are each represented in the Imperial Diet by one deputy. Berlin is entitled to eighteen deputies, yet it is represented in the Reichstag by only six deputies.

How enormous is the disproportion between votes and representatives in the Reichstag, and how this disproportion works in favour of the two Conservative parties and of the Conservative Clerical Party, and to the disadvantage of the Liberal Parties and the Social Democratic Party, may be seen from the following table :—

Result of the General Election of 1903.

—	Votes	Members in Imperial Diet	Average Number of Votes per Member
Social Democrats .	3,010,800	80	37,635
Centre (Roman Catholic Party) .	1,875,300	100	18,753
National Liberals .	1,317,400	50	26,348
Conservatives . . .	948,500	52	18,240
Freisinnige (People's) Party	538,200	20	26,910
Free Conservatives .	333,400	20	16,670
Poles	347,800	15	23,187
Nine parties and factions	1,124,400	57	19,726
Total.	9,495,800	394	24,101

The consequence of this disproportion of votes to members in the different parties is that the Social Democrats, who command 31.71 of the votes, have only 20.3 of the seats in the Reichstag, whilst the Conservative Party, with only 10.01 of the votes,

has 13.20 of the seats, and the conservatively inclined Centre Party, with 13.87 of the votes, has no less than 23.09 of the seats. Based upon the same proportion of votes to members which obtains with the Centre Party and with the two Conservative Parties, the representatives of the Social Democratic Party in the Imperial Diet should have numbered 150 and not 80.

The polititat outlook for the Social Democratic Party seems distinctly promising if not brilliant, provided that the strongest factor in German politics will allow that party to continue to exist. Popular dissatisfaction has greatly increased in Germany during the last few years, partly on account of the industrial depression, but chiefly on account of the numerous political mistakes which the Government has committed. The small peasants, who count more than 5,000,000 families, may give a surprise to the German Government at the next election. Formerly the German peasant was the most reliable supporter of the Government; his conservatism was blind, he read little, and he voted for the Conservative candidate as he was told by the squire; of late, however, Social Democracy has been getting a hold upon the peasant; he reads more, and he will in future vote largely for the Social Democratic candidate.

Whilst Social Democracy has been flourishing and increasing, the various Liberal parties in Germany have been decaying for many years. The reason for that phenomenon is that the Liberal Party has striven to represent only such Liberalism as was approved of by the Government. Therefore Liberalism shunned the Social Democratic Party and its leaders, in Parliament and out of it, like poison, in accordance with the official *mot d'ordre*. Consequently the liberally-

inclined German workman, small trader, clerk, teacher, &c., whom that approved Court Liberalism—which in reality was Conservatism in disguise—did not suit, dropped Liberalism and gave his vote to the Social Democratic candidate. But the German Liberal Party leaders were blind and obstinate, and thus the disintegration of their following is proceeding further. Now the well-to-do Liberal citizens also are beginning to turn away from the Liberal parties in large numbers, disgusted with the servile attitude which these parties have adopted, and are joining Social Democracy, hoping for reforms from that party, which is the strongest party in the country, and which, at least, has the merit of being straightforward. It appears that an incredibly large number of bankers, merchants, and professional men of Liberal views will, in the next election, vote for Social Democracy.

In view of the coming *débâcle* of the old Liberal parties, many Liberals are strongly recommending the co-operation of the Liberal parties with Social Democracy. Whether such co-operation will take place in the next Reichstag remains to be seen. So far the middle-class Liberals have been fighting shy of associating themselves and identifying themselves with the working men.

It seems possible that the Social Democracy will become, in course of time, perhaps already at the elections of 1908, the commanding party in the Reichstag, and the question suggests itself, What will be the outcome of such a situation? The favourite stratagem of splitting the Social Democratic Party in the same way in which Bismarck split the Liberal Party, reducing it thereby from 155 in 1874 to 47 in 1881, will probably be found impracticable, for the

simple reason that Prince Bülow is not Bismarck, and that the Social Democrats are not Liberals. Hence the German Government may soon stand before the alternative of either capitulating to the Social Democracy, or of allowing a conflict to arise between the Imperial Government and Parliament.

As Social Democracy intends "to protect democracy against absolutism and militarism," which the Government of Germany represents, the capitulation of the Government to Social Democracy seems unlikely. Consequently we may well expect that a serious conflict between the German Government and Parliament will take place, which will remind us in its nature of that between Charles the First and his Parliament, which, similarly to the German Parliament, was chiefly a money-voting and law-assenting machine, without any real control over the Government. Therefore, that conflict may, in the beginning, take the shape of the conflict between Charles the First and his Parliament, and the funds required by the Government may be refused. But here the parallel will probably end. What the nature and eventual result of that conflict will be, nobody can foretell. It may mean the eventual advent of a Liberal era in Germany, and the democratisation of that country; it may mean a governmental *coup d'état* in accordance with the recommendations of the Conservative parties, involving the abolition of universal suffrage or its restriction upon the Prussian model; it may mean a great European war, provoked in order to divert popular dissatisfaction from home affairs to foreign questions. At any rate, the position of home politics in Germany promises to become a critical one.

Before German statesmen try further experiments

in crushing democracy, more dangerous than those which they have tried before, they will do well to remember that the principle, "Laissez faire, laissez passer," is sometimes a wise one—to read Locke's beautiful essay on Toleration, and to consider that the greatness of all Anglo-Saxon countries rests securely upon the rock of free democracy, and that in no Anglo-Saxon State has Social Democracy ever flourished.

Evidently governmental interference is no panacea, and too much interference may become as harmful as too much *laissez-faire*.

CHAPTER VIII

THE RURAL INDUSTRIES OF GERMANY

FOR about thirty years British agriculture has steadily been losing ground, and the consequence to agriculturists and to those whose means are invested in agricultural property have been disastrous. The total loss of capital invested in agriculture which has taken place since 1874, owing to the decay of our rural industries, has been estimated to amount to the colossal sum of about £1,000,000,000; but it seems likely that that estimate is too low, and that the total loss is about twice larger than the whole amount of our National Debt.[1] Some people are of opinion that the further decay of our agriculture may be stopped by cheap freights, co-operation, &c.; but others, and they are the vast majority, frankly despair of our rural industries. In fact, most British statesmen, politicians, political economists, and publicists declare that the destruction of our rural industries was inevitable; and the axiom has been laid down that a European State cannot possibly, on its limited and overcrowded territory, pursue agriculture at a profit, because it cannot compete with the United States, Argentina, &c., where good land is cheap and plentiful.

It has become a conviction with most Englishmen that a European State cannot possess at the same time flourishing manufacturing and prosperous rural

[1] Mr. Palgrave, in a lecture held on the 22nd February 1905, estimated that the agricultural loss during the last thirty years amounted to £1,700,000,000.

industries, and the industrial backwardness of France, Holland, Denmark, countries where agriculture is prosperous, appears to confirm this theory. But, as Belgium and Germany possess, side by side, both highly developed manufacturing industries and a flourishing agriculture, that theory appears to be untenable. Therefore, it is worth while to investigate whether the agricultural prosperity of Germany, our chief industrial competitor, is real or apparent, ephemeral or likely to last, harmful or helpful to her manufacturing efficiency; and it is clear that, if Germany can make her rural industries pay, Great Britain, which is far more favoured by Nature for the successful pursuit of agriculture, should certainly be able to do better than Germany.

Compared with Great Britain, Germany possesses a poor soil, an unfavourable geographical position and structure, and an unfavourable climate, her winter being long and very severe. Her transport facilities for agricultural produce by land and water, were formerly quite insufficient, and even now her agricultural produce has to be carried for hundreds of miles inland to the markets, whilst British fields are everywhere in easy reach of the sea and of cheap transport. Even to-day, German agriculture has to battle with long distances. In East Prussia and Pomerania, for instance, there are agricultural districts which lie twenty miles from the nearest railway station. The rural labour of Germany also was, and probably is still, inferior to that of Great Britain. A century ago, the German peasants were serfs—serfdom lingered in places until the middle of the nineteenth century; and even now the independence of the peasantry is, in many parts of Germany, more theoretical than real. Therefore Germany's rural

population was, and in certain parts of Germany is still, obstinately and stupidly conservative. When Frederick the Great distributed clover seed to the peasantry, they refused to sow it. When ordered to sow the seed, the peasants boiled it first in order to prevent it sprouting; when given seed potatoes, they boiled the seed potatoes before putting them in the ground.

Owing to the poverty of the soil, the inclemency of the climate, long distances, the difficulties of transport, and the backwardness and poverty of her rural population, agriculture in Germany was extremely primitive when it was highly successful and prosperous in this country. Some decades ago, prices for corn and meat were exceedingly low in Germany, cattle were kept chiefly for ploughing and for manure, and were largely fed on straw. Agricultural Germany used to bear an aspect similar to that of agricultural Russia of to-day. However, during forty or fifty years, the rural industries of Germany have continually progressed, and they have even progressed during the last decades, when Great Britain suffered from an unparalleled agricultural depression.

Between 1875 and 1900, 2,691,428 acres which were under cereals, and 755,255 acres which were under green crops, have in this country gone out of cultivation, and nothing but grass grows now where the plough used to work. But, notwithstanding the great increase of pastures, the number of live stock in this country has, during that time, increased by only 10 per cent. If we now turn from this dismal picture of decay to Germany, we find that, during the most trying period of our agriculture, the rural industries of Germany show the following record :—

AGRICULTURAL AREA OF GERMANY

Hectares

	Corn crops	*Green crops*	*Gardens*	*Grass lands*
1883	157,239,700	67,006,000	4,159,500	33,368,300
1893	159,921,200	70,181,200	4,726,200	27,603,500
1900	160,509,900	74,377,900	4,827,900	22,857,400

From the foregoing figures we see that, during a period when, in Great Britain, an enormous area which was under the plough was abandoned to grass, the area under grass in Germany has shrunk by no less than one-third, because that portion has been taken under the plough and has been converted into fields. But not only has the acreage of fields on which cereals and vegetables are grown been considerably increased in Germany, at the same time agricultural processes have so greatly been improved that each acre of agricultural land produces now very much more than it used to produce in former times. This fact is apparent from the following table :—

YIELD PER HECTARE OF GROUND

Kilogrammes

	Wheat	*Rye*	*Barley*	*Oats*	*Potatoes*	*Hay*
1893	1670	1490	1480	1070	13,410	2230
1894	1690	1340	1780	1680	11,110	3830
1895	1640	1320	1680	1550	12,390	3700
1896	1770	1430	1650	1500	10,590	3900
1897	1700	1370	1560	1430	11,010	4280
1898	1840	1520	1730	1690	11,920	4380
1899	1910	1480	1820	1720	12,290	4040
1900	1870	1440	1800	1720	12,610	3910
1901	1580	1400	1790	1600	14,670	3760
1902	2040	1540	1890	1800	13,410	4370
1903	1970	1650	1950	1840	13,250	4450

From the foregoing tables it appears that the

agricultural area of Germany has been considerably extended, and that the produce per acre has been universally and enormously increased. At the same time the live stock of Germany has astonishingly multiplied notwithstanding the great shrinkage of grass lands. The following figures give a record of the fluctuation in the numbers of live stock during twenty-seven years :—

LIVE STOCK OF GERMANY

	Horses	*Cattle*	*Sheep*	*Pigs*
1873	3,352,231	15,776,702	24,999,406	7,124,088
1883	3,522,525	15,786,764	19,189,715	9,206,195
1892	3,836,256	13,555,694	13,589,612	12,174,288
1897	4,038,485	18,490,772	10,866,772	14,274,557
1900	4,184,099	19,001,106	9,672,143	16,758,436

From the foregoing table we see that, whilst British live stock, owing to the enormous increase of the area under grass, has increased by only about 10 per cent., the horses of Germany have increased by about 25 per cent., the cattle by about 20 per cent., and the pigs by no less than 130 per cent., notwithstanding the decrease of pasture land in Germany. It is true that at the same time the number of sheep has declined by more than 15,000,000, largely owing to the shrinkage of pasture land which was turned into fields; but this shrinkage is not so serious as it seems. In Germany two pigs represent about the same value as do five sheep. Consequently, the 9,500,000 pigs which have been added represent almost double the value of the 15,000,000 sheep which have been lost.

During the Live Stock Census of 1873, the animals kept in Germany were not valued, but when we compare the years 1883 and 1900, we find that the

value of the live stock has, during these seventeen years, risen from £278,845,000 in 1883, to £384,920,000 in 1900. During that short period, the value of the German live stock has therefore increased by £106,075,000, or by about 40 per cent., an amount which is equal to about one-sixth of our National Debt in 1900, and which would buy an overwhelming fleet of eighty first-class battleships.

The total area of Germany is about 70 per cent. greater than that of Great Britain, and as the population of Germany is about 50 per cent. larger than is that of this country, Great Britain is not much more densely populated than is Germany, and both countries may fairly be compared by size and population with regard to agriculture. We find that, both per square mile of territory and per thousand of population, there are more horses and more cattle in Germany than in Great Britain. Besides, there are five times more pigs in that country than there are in Great Britain. Only in sheep this country has a great advantage over Germany, but this is not an advantage for which German agriculturists will envy us. Sheep require to be kept in the open —that is, on grass land. Hence, only waste lands in the interior of Australia and of Argentina, but not valuable agricultural land in populous parts of Europe and in the immediate vicinity of their natural markets, are considered in Germany proper for rearing sheep. The soil of Germany is thought to be too valuable to serve as prairie land.

How severely the value of agricultural land has fallen in this country, and how ruinously low is the price of land, is too well known to require description. In Germany also, agricultural land has fallen in value, but in that country the decline has been so very

small as to appear almost trifling. The rent of domains per hectare has changed between 1890 and 1899 as follows :—

RENT OF DOMAINS PER HECTARE

	1890-1	1899
Königsberg	24.48 marks	22.54 marks
Posen	20.62 „	18.89 „
Breslau	45.19 „	41.78 „
Hanover	56.59 „	63.97 „
Cassel-Wiesbaden	48.56 „	48.23 „
Magdeburg (first class soil)	91.80 „	90.63 „

The districts given are thoroughly representative of all parts of agricultural Germany, and it appears from the foregoing table that, whilst the value of land, as measured by the rent of the domains, has slightly fallen in a number of cases, it has slightly risen in others. Consequently, it would seem that the complaints of the German agrarians as to the ruin of Germany's agriculture are hardly justified.

If we now look into the remuneration of rural labour in Germany, we find that, between 1873 and 1892, agricultural wages have changed as follows :—

AVERAGE OF AGRICULTURAL WAGES IN GERMANY, PER DAY

	1873	1892
Saxony	1.61 marks	2.30 marks
Rhine Province	1.78 „	2.00 „
Westphalia	1.72 „	1.86 „
Pomerania	1.62 „	1.83 „
East Prussia	1.14 „	1.50 „

In examining the foregoing table, it should be remembered that agricultural labourers receive almost universally, in addition to their money wages, a participation in the harvest, and other payments in

the shape of agricultural produce, &c. On an average, agricultural wages have risen by about 25 per cent. between 1873 and 1892, and they have risen by another 25 per cent. since the latter year. Consequently, it is clear that the prosperity of Germany's agriculture is not due, as some assert, to the stationariness of rural wages.

If a German agriculturist fails, his lands are sold by public auction. Consequently, the statistics of such forced sales give a good indication of the real position of Germany's agriculture. The number of forced sales has, since 1886, declined as follows, in Prussia :—

FORCED SALES IN PRUSSIA

1886–7	2979 holdings
1889–90	2014 ,,
1892–3	2299 ,,
1895–6	1834 ,,
1898–9	1210 ,,

On an average, not one holding out of every six hundred is yearly sold by public auction, and it should be noted that, on an average, nine-tenths of these sales take place in Eastern Germany, where peculiar agricultural conditions prevail, which will be described in the course of this chapter, and that three-quarters of the holdings sold consist of very large farms and estates from one hundred and twenty-five acres upwards. Forced sales are therefore exceedingly rare in the middle and west of Germany, and especially in the case of small and medium-sized farms.

How exceedingly profitable agriculture is in Germany may be seen by comparing it with that of Great Britain. If we make such a comparison, we

find not only that there is proportionately more live stock in Germany than in this country, but also that the area under corn-crops, potatoes, &c., is six times greater in that country than in Great Britain, and that the rural industries of Germany afford a livelihood to a rural population which is between four and five times greater than that of this country.

We shall now proceed to inquire why Germany, with a poor soil, an unfavourable climate, bad geographical conditions, and a somewhat intractable peasantry, possesses a prosperous and vigorously expanding agriculture, whilst the agriculture of Great Britain, which possesses a better soil, better climate, a better geographical position, a more open-minded and progressive rural population, better markets, and which had a far better start, and far more capital, is rapidly, and, it is said, irretrievably decaying.

If a man takes a railway trip through the British Islands, and looks frequently out of the window, he will notice chiefly grass fields, which cover 60 per cent. of the agricultural area of the United Kingdom, but he will rarely see cereals growing. If he takes a railway journey through Germany, he will see chiefly cereals, which, in that country, take up more than 60 per cent. of the agricultural ground. The proportion of grass lands in Germany is no greater than is the proportion of oat-fields in Great Britain. In other words, pastures are met with as rarely in Germany as oat-fields are in this country.

The following most important table shows how agricultural land is owned in Germany, and therefore gives a bird's-eye view of the distribution of agricultural land in that country.

AGRICUTLURAL HOLDINGS IN GERMANY IN 1895

Size of Holdings	Number of Holdings	Total Size of Holdings	Average Size of Holdings	Percentage of Agricultural Area
		acres	acres	per cent
Up to 2½ acres.	2,529,132	2,026,602	·8	2.5
2½ to 5 acres .	707,235	2,594,507	3	3.1
5 to 10 acres .	1,016,318	8,214,960	8	10.1
12½ to 25 acres.	605,814	10,584,140	17½	13.0
25 to 50 acres .	392,990	13,720,537	35	16.9
50 to 125 acres	239,643	17,783,077	70	21.8
125 to 250 acres	42,124	6,891,515	165	8.5
250 to 1250 acres	20,881	11,560,648	560	14.4
1250 and more acres . . .	4,180	7,018,855	1700	9.7

In the whole of Germany there were in 1895, 5,558,317 agricultural properties, and the average size of the properties was about fifteen acres of agritultural land. It is remarkable that there were no less than 3,236,367 individual holdings of average size of three acres and under. On the other hand, it should be observed that by far the greater part of the agricultural soil of Germany, namely, 71 per cent. of the total, was owned by agriculturists who cultivated more than twenty-five acres. Consequently, it is apparent that German agricultural land is chiefly exploited, not by small peasants, as is so often asserted in this country, but by well-to-do farmer-peasants, who possess substantial properties.

The difference in the size of the individual holdings appears to bring with it a striking difference in the way in which these are cultivated, as will be seen in the following :—

Germany may be divided into two agricultural spheres, the Eastern part and the Central and Western

part. The east of Germany is flat, sandy, and somewhat thinly populated. It is insufficiently opened by waterways and railways, and land is chiefly in the hands of aristocratic owners, who possess large, and sometimes huge, estates. In the middle and the west of Germany, the country is broken, the soil is more fruitful, the population is denser, manufactures prevail, markets are near at hand, waterways and railways are plentiful, and land is chiefly held by small farmers and peasants who, as a rule, work on freehold land.

Of the properties below five acres, 65.2 per cent. are freehold; of those from five acres to fifty acres, 88.2 per cent. are freehold; of those from fifty to two hundred and fifty acres, 92 per cent. are freehold; of those above two hundred and fifty acres, 80.4 per cent. are freehold. It therefore appears that the proportion of freeholders is smallest among the very small and among the very large proprietors. Of the properties of medium size which cover the greater part of agricultural Germany, the proportion of freehold land is largest, and more than 90 per cent. of the ground of medium-sized agricultural establishments consists of freehold properties.

The small agriculturists of Germany produce, on the whole, larger harvests per acre than do the large landowners, who cultivate their fields with hired labour. Largely owing to this difference, the middle and the west of Germany are chiefly devoted to high culture. In the east of Germany, where the large landowners sit, we find poor fields, less thorough cultivation, and smaller crops. East Germany thus resembles Great Britain not only in this, that the land is in the hands of a few large owners, who like to enjoy themselves in town, and who leave the

supervision of their estates to their paid underlings; but a further resemblance to this country may be found in the fact that, in those districts, the raising of live stock is more developed than is the cultivation of the soil. Nevertheless, we discover the surprising fact that the small landowners in the middle and the west of Germany are not only more efficient in agriculture, but also in stock-raising, for the small agriculturists raise on their holdings far more horses, cattle, and pigs per acre than do the large proprietors in the east. The German live stock is distributed as follows between large and small agriculturists :—

AVERAGE QUANTITY OF LIVE STOCK KEPT ON 250 ACRES OF GROUND

On properties from 5 to 50 acres	*On properties from 50 acres and more*
16 horses	11 horses
147 cattle	37 cattle
242 pigs	20 pigs

In Germany one head of cattle is considered to be equal in value to two-thirds of a horse, or to four pigs. If we now reduce the live stock kept on the farms of the two types given, to "pig-units," if such a word may be coined, we find that the owners of fifty and more acres raise only 227 pig-units on the same quantity of ground on which smaller farmers raise 915 pig-units. In other words, on an area of the same size small agriculturists raise a little more than four times more live stock than is raised by the bigger landowners.

The following somewhat more detailed figures give a most interesting picture of the greatly varying density of the live stock population on farms of different sizes. They show that small holdings are most favourable for raising pigs, that middle-sized

properties are most suitable for raising cattle and horses, and that large properties are least suitable for raising live stock, excepting the comparatively valueless sheep. In Germany one pig is estimated to be equal in value to two and a half sheep, as has already been mentioned.

AVERAGE NUMBER OF ANIMALS PER 250 ACRES ON PROPERTIES OF VARIOUS SIZES

Size of Holding	*Horses*	*Cattle*	*Pigs*	*Sheep*
Below 2½ acres . . .	4.5	67.0	289.6	45.1
2½ to 5 acres . . .	5.3	87.4	112.1	20.2
5 to 12½ acres . . .	6.9	85.3	71.2	14.9
12½ to 50 acres . .	11.8	64.1	43.3	19.3
50 to 125 acres . . .	30.0	49.7	29.6	33.7
125 to 250 acres . .	11.9	40.4	20.1	40.0
250 to 1250 acres . .	8.9	28.5	13.0	69.7
1250 and more acres	7.5	20.0	8.9	91.7

From the foregoing tables it appears that the large holdings of Germany are unfavourable to the thorough pursuit of agriculture and to efficiency in cattle-raising as well. But here, as in other things, *les extrêmes se touchent*. If holdings become too small, animals can neither be raised nor be employed in the fields, spade work becomes necessary, and human labour has to take the place of animal labour or machine labour, a process which, in Europe, is opposed to true economy. The fact that small holdings are for this reason uneconomical appears clearly from the following figures :—

AVERAGE NUMBER OF ANIMALS USED FOR WORK, PER 250 ACRES, ON PROPERTIES OF VARIOUS SIZES

Size of Holding	*Horses*	*Cattle*
Below 5 acres	3	23
5 to 50 acres	9	19
50 and more acres	8	3

Evidently the very small peasant cannot always avail himself of animal labour on his tiny holding, owing to poverty, lack of accommodation, or lack of fodder. Therefore we find that the men who own less than five acres use, on an average, one-third of the horse power which is employed on properties of larger size. The very small cultivator makes, however, a greater use of cattle for pulling his plough than does the owner of a medium-sized farm, and his only cow has not infrequently to labour in the fields. The large landowner, on the other hand, appears not to make the fullest use of animal power, for we find from the foregoing figures that he employs a smaller number of horses and cattle for work than does the smaller cultivator.

It might be expected that the large German landowners, who use less animal power for cultivation than do the small farmers, would be easily first in the use of labour-saving, steam-driven machinery. This appears not to be the case, for we find that the smallest number of steam-driven agricultural machines is used in the province of East Prussia, where huge estates are common, whilst the largest number of machines is employed in the province of Saxony, where middle-sized and small holdings prevail. The fact that labour-saving machinery is more used on medium-sized than on large properties is clearly brought out in the following figures, which relate to those two provinces :—

AGRICULTURAL STEAM MACHINERY USED IN 1895

	Steam Ploughs	Steam Drills	Steam seed-casting Machines	Steam Manure Distributors
Saxony	428	31,323	554	929
East Prussia . .	17	823	1265	578

The difference in the quantity of machinery used in purely agricultural East Prussia, with its huge estates, and in chiefly industrial Saxony, with its small agriculturists and independent peasants, is startling; and this difference in the manner of cultivation goes far to explain why the German agrarians east of the Elbe loudly complain about agricultural depression, whilst the peasants west of the Elbe appear to be doing very well, and to be, on the whole, prosperous and contented.

If we now look into the indebtedness of the agricultural soil in Germany, we find the following astonishing variations in the various districts :—

ESTIMATED INDEBTEDNESS OF THE AGRICULTURAL SOIL

	East Germany	
District	Königsberg	50.90 per cent.
,,	Gumbinnen	48.58 ,,
,,	Dantzig	55.11 ,,
,,	Marienwerder	55.68 ,,
	Central Germany	
,,	Magdeburg	22.82 ,,
,,	Merseburg	27.82 ,,
,,	Erfurt	23.40 ,,
	West Germany	
,,	Cologne	17.94 ,,
,,	Treves	15.83 ,,
,,	Aix-la-Chapelle	13.32 ,,

The foregoing table is based on carefully compiled official estimates, and the thoroughly representative figures used are taken from the official hand-book of the Agrarian Party. From this table it appears that the agricultural indebtedness of the soil is dangerously large in the east of Germany, medium-sized in the centre of the country, and small in the

west of Germany. This curious difference arises from the fact that in the east of Germany huge estates preponderate, whilst in the centre of Germany middle-sized properties and in the west small holdings prevail. The large German landowner in Pomerania and East Prussia, who bears a well-known name, can easily borrow from banks and other institutions at a reasonable rate of interest, and he does so freely and somewhat indiscreetly. Hence, his estates are encumbered with debts up to the hilt. The medium-sized and somewhat obscure agriculturist in Middle Germany cannot so easily raise money on his land, and he has to apply to private investors for a loan. Lastly, the small cultivators who prevail in the Rhenish Province, where, owing to the use of the Code Napoleon and the French law of succession, the land has been divided and subdivided in equal parts among the children so often that individual holdings have become very small, find it impossible to raise money on their freehold properties at any price.

In Great Britain such small landowners and peasants would find no difficulty in raising money on their land, for local usurers would prosper on the ignorance, the improvidence, or the inexperience of the small cultivators to whom they would lend money at 30, 50, or more per cent. But the paternal Government of Germany is sensible enough not to allow usurers to prey upon the ignorant or foolish producers. Usury is as good as non-existent in Germany, owing to most stringent usury laws. Consequently, if the German cultivator cannot raise money at low rates (up to 6 per cent.) and on fair security, he cannot borrow money at all. This disability is, no doubt, very convenient to some improvident individuals, but from the point of view of truly national economy it seems a

lesser evil to suppress the usurers altogether than to allow them to become prosperous by relentlessly exploiting the poor, the weak, and the foolish.

From the facts and figures which have so far been given, it is clear that the rural industries of Germany are highly prosperous, but it is equally clear that the prosperity of the German agriculturists is variable, and that it stands in a somewhat close relation to the size of their holdings. The larger properties appear to be somewhat unproductive, and to be uneconomically exploited, largely because their owners are not qualified, or not willing, to manage their estates themselves. That large estates should yield disappointing results is only natural. Hired labourers will work as little as possible for their wages, and managers and overseers will act in a similar manner. But even if these paid agents are conscientious, their supervision will, in any case, cause a considerable extra expense which burdens the land.

Many large landowners in Germany wish to shine in Parliament or in society, or simply to enjoy themselves, finding the country too dull. Such men—and they are very numerous among the large landed proprietors—desire to spend much money, which they can easily raise on their estates. Hence, the large estates of Germany are not only the most wastefully exploited rural properties, but they are at the same time those which are most heavily burdened with mortgages.

Whilst the large estates suffer from the superfluity of land and the extravagance of their owners, who, in their turn, suffer from superfluity of leisure, the very small peasants' properties suffer from lack of capital and from lack of labour-saving animal and machine power. For these reasons, inefficient culti-

vation is common on both the largest and the smallest agricultural properties. Therefore land passes from the hands of very small peasants and of very large landowners into the hands of townsmen, and in the end the former freeholders are replaced by agricultural leaseholders and labourers. For these reasons, we find that men who work less than five acres have only 65.2 per cent. of freehold land, and that the men who cultivate more than two hundred and fifty acres have only 86.4 per cent. of the whole land, whilst the agriculturists who possess medium properties have more than 90 per cent. of freehold land.

On properties measuring from five to two hundred and fifty acres are found the substantial peasants and peasant-farmers who are the backbone of Germany's agriculture. Nine-tenths of their fields are freehold land. Their land belongs to them and to their descendants for ever. These peasant proprietors usually cultivate their holdings with the assistance of their families. The men do the hard work in the fields, the women look after the cattle and the children, help at harvest-time, when the rural schools close in order to enable the small peasants to get assistance of their youngsters in picking up potatoes, gathering sheaves, picking fruit, &c. Each member of the peasant's family works with love and earnestness, not for a daily wage, but for himself, with the sense and pride of property, and of absolute ownership. Where holdings are so large that outside assistance is required, farm servants or labourers are hired who, as a rule, live with the peasants. They form part of the peasant's family, and work under the constant supervision of the owner. Consequently, an agricultural labourer is certain to do far more work on a peasant's farm in Westphalia, under the eye of the

master and owner of the farm, than on a big estate in Pomerania under the supervision of paid stewards and inspectors, who strut or ride about in a leisurely fashion, who become lazy in their comfortable and easy posts, and who half the time think of their private affairs. The well-to-do peasant is thrifty, robust, healthy, and contented, whilst the small peasant, who has but a few acres, works himself to death, owing to lack of land, lack of capital, and lack of labour-saving animal and machine power.

Some distinguished British politicians and statesmen have recommended dividing the agricultural land of Great Britain, which policy has been summed up in the cry "Three acres and a cow." Three acres and a cow may perhaps be a good electioneering cry, but it is not a good policy. Although life with three acres and a cow may appear most idyllic to the townsman, who takes his armchair as a coign of vantage, it is the reverse of idyllic from the countryman's point of view. If the policy of "three acres and a cow" should ever be carried out in Great Britain, it would lead, no doubt, to a resettlement of the people on the land. But it seems hardly desirable that the proletariat of the slums of our congested towns should, by an ill-considered but well-meant policy, at a huge cost to the nation, be dumped into the country and be transformed into an equally wretched and miserable proletariat of the country. Besides, such an artificially created proletariat could not be made to stop. A cloud of usurers would descend on the country, and the British stage-peasants, after having eaten their cow, would as rapidly as possible raise enough money on their three acres to buy a ticket for the United States or for Canada, and the British country districts would be left more desolate and

more unproductive than before. Such an experiment would certainly end in failure and in an enormous loss of national capital.

What Great Britain requires for the salvation of her agriculture is, in the first place, the gradual creation of a substantial peasant class, who work with their own hands on freehold agricultural properties of moderate size.

In every business a certain fixity of conditions is required in order to make it attractive to men who are willing to work. Where that fixity of conditions is lacking, a calculation of risks and chances is impossible, and business is turned into speculation. If the peasant has no land of his own, but has to pay rent, his heart is not in his work, and cannot be in his work. The improvements which he undertakes may eventually benefit the landlord. His rent will, in bad seasons, be so unbearably high as to ruin him; in good seasons it will be so low as to allow him to sublet his land at a profit. Hence agriculture, under a tenant system, lacks stability and security. The peasant or farmer will be turned into a speculator, but not into a cultivator.

Politicians who are insufficiently acquainted with the real conditions of agriculture may, of course, devise an elaborate system for the fair and automatic adjustment of rents, and for securing to the cultivators at the end of their tenure the fruit of their labour, by making enactments which are to insure these ends. But such a system, which may look very excellent on paper, would hardly work in practice. In the first place, such a system would be too complicated to make it understandable and attractive to the average countryman. In the second place, a huge and costly official machinery would have to be created,

and the peasant would, in the end, have to pay for that mediating and adjusting service which would be chiefly productive of dissatisfaction and much costly litigation. Therefore a freehold peasantry must be created, and it could be created out of our so greatly reduced army of rural labourers. Only then will Great Britain have again a sturdy, prosperous, and contented yeomanry as of old.

The creation of peasant freeholders should be accompanied by legislation abolishing the necessity of enclosing agricultural properties with hedges, fences, &c. Our hedges give, no doubt, a peculiar charm to the landscape, and are therefore dear to the town-dweller, but they constitute a very onerous burden for all agriculturists. The expense of planting a hedge, and of keeping it in order year in year out, is very great. Besides, the agricultural ground which is wasted through hedges is not only the strip on which the hedge grows; for, as it is difficult to go close to the hedge with plough and harrow, two huge additional strips on both sides of every hedge around every enclosed field remain unproductive. Thus hedges and fences cause an enormous unnecessary expense and waste, which would be much increased if, through the creation of small holdings, hedges would have to be multiplied. Surely, in Great Britain, as in most other European countries, boundary stones at the corners of every field, together with carefully-kept local registers of rural properties, should suffice to show the limits of individual holdings, and should make our wasteful and primitive methods of enclosing unnecessary. No doubt the fall of the hedges would diminish the picturesqueness of the country, but their fall would immediately enhance the value of our agricultural soil by many millions of pounds, and the

army of men who now every year clip the hedges may turn their hands from useless to productive labour.

In most countries of Europe the peasants were formerly landless serfs, who had to be liberated and to be enabled to acquire land of their own by gradual payments spread over a number of years. Germany did so a century ago, and Great Britain will have to do likewise for the continuance of the impossible tenant system means the extinction of our agriculture. If we wish to possess again flourishing rural industries, we must begin at the base, and must first of all abolish the present system of land tenure, and replace it by a system of freehold property. We must begin by giving to our agriculture a stable, safe, and permanent basis. If the cultivator has ground of his own, he will love and cherish it. Otherwise, he will desert the country without a regret, and either emigrate or come to reside in the slums. Landowners will find it in their interests to sell gradually their land, instead of letting it to cultivators under a system which greatly benefits a host of unproductive and useless middlemen, such as solicitors, stewards, managers, rent-collectors, bailiffs, &c., whom landlords and tenants have to keep at a large expense to themselves.

British farmers complain loudly of the insufficient number of rural labourers, and the lack of agricultural workers is so great in this country that at harvest time swarms of town loafers, of casual labourers, and of out-of-works migrate from the slums to the country, and these men are employed by the farmers, notwithstanding their utter unsuitability. In Germany also, the army of agricultural labourers has been shrinking during the last two decades, but by no means to such an extent as in this country. At the census of 1882 there were 5,763,970 rural labourers, male and female,

in Germany, but at the census of 1895 only 5,445,924 agricultural hands were counted. Therefore a decrease of 318,046 hands, or of about 5½ per cent., has taken place during thirteen years. This decrease is quite insignificant if compared with the rapid exodus of the rural labourer which has taken place in this country.

The slight decrease in the number of rural labourers in Germany is partly due to the fact that machine power has largely supplanted men power and animal power in Germany's agriculture. In Prussia alone, the the power of machinery used in agriculture has risen from 24,000 horse-power in 1879 to 133,000 horse-power in 1897, and at present the horse-power available for agriculture in Germany should amount at least to 250,000. At first sight it seems almost incredible that almost five and a half million men and women should be available as farm hands in Germany, in view of the fact that the manufacturing industries are most flourishing in that country, that town wages are far higher than country wages, that the attractions of town are as enticing in Germany as they are over here, and that all farm labourers make a lengthy acquaintance with town life when serving as soldiers in garrison towns. Consequently, it is worth noting why the country population remains almost stationary in industrial Germany.

Two classes of agricultural workers have to be considered, viz. farm servants, who are engaged for a lengthy term, and day labourers. The huge army of farm servants, male and female, is composed of the sons and daughters of small peasants, who send their children into service, partly in order that they should earn a living, partly in order that they should learn improved methods on the larger farms. The male farm servants expect to come, in course of time,

into the freehold property of their parents, and therefore refuse to sacrifice a certain livelihood in the country to an uncertain one in the towns; whilst the female farm servants naturally wish to work near their home and their friends. The day labourers also are partly the children of small peasants, and they refuse to leave the country in which they have a substantial stake; partly are they small peasant proprietors, with properties of their own, which are so small that they have to accept some outside work in order to make a living. The following most interesting table gives a clear picture of the different status of agricultural day labourers in the east and in the west of Germany.

	Agricultural day labourers with land	Agricultural day labourers without land
Eastern Germany		
East Prussia . . .	12,935	154,777
Westphalia	13,578	117,927
Pomerania	14,475	111,457
Western Germany		
Rhenish Province .	28,866	38,411
Hesse-Nassau . . .	12,172	15,744
Westphalia	15,828	16,425

From the foregoing figures we see that the landless labourers, the agricultural proletariat, form in the east of Germany, as they do in Great Britain, the overwhelming majority of agricultural hands, for in that part of Germany hardly one labourer out of ten has land of his own. On the other hand, in the Western Provinces, the day labourers who own land, and those who do not own land are about equal in numbers. In the Eastern Provinces, where huge estates owned by noblemen are to be found, the day

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labourers are considered by the lord of the manor merely as two-legged cattle, and they are only too often treated as such. Therefore the whole interest of these landless labourers lies in their daily wages, exactly as it does with British rural labourers, and they leave the country for the town in order "to better themselves," without hesitation and without regret, as do our own agricultural hands. Therefore, it comes that in the east of Germany, where agriculture bears some resemblance to that of this country, the cry of lack of labour on the part of the farmers is just as loud and as bitter as it is in Great Britain, and there also the owners of the big estates complain that the labourers take no interest in their work. The lack of rural labour both in east of Germany and Great Britain springs evidently from the same cause—the landlessness of the rural labourer.

Many British landowners have been wise enough to give to their day labourers a stake in the country in the shape of a cottage and a plot of ground, and their labourers stay in consequence; but the great proprietors in the east of Germany, instead of acting likewise and thus settling their men on the land, have had the incredible heartlessness and hardihood to propose and to clamour for legislation restricting the freedom of migration for rural labourers. In the west of Germany, where middle-sized, small, and very small farms are mixed, the scarcity of rural labour appears to be much less in evidence. Happily for the employers of agricultural labour in Germany, the rural wages paid in Austria-Hungary and Russia are so low that every year an army of from 200,000 to 400,000 rural labourers flock from Poland and Galicia into Germany. These temporary immigrants supply the needful labour at the most critical time of

the year, exactly as do the Italian labourers, who yearly migrate for a time in hundred thousands into France, Switzerland, and even into Argentina. It would seem dangerous for Germany's agriculture to rely to too large an extent on such temporary assistance, and Germany will do well to make the acquisition of land as easy as possible for those of her rural labourers who at present are without land.

British agriculture has the alternative either of creating a large number of peasant proprietors and peasant labourers, or of employing in constantly growing numbers our slum-dwellers, who, of course, may be reinforced by immigrants from abroad. As foreign agricultural labourers will probably prove more suitable, it seems very possible that our rural districts will, in future, be populated only by rich men, their servants, tradesmen, &c., and that the work which has to be done will be done by foreign temporary immigrants, unless we create a huge number of freeholders. If British freeholders should not be created in large numbers as rapidly as possible, our agricultural work will have to be done by foreigners; the British population, the rich men excluded, will almost exclusively live in town; and the national physique will still further deteriorate.

The foregoing shows that the possession of freehold land is not only most important to the farmer as an inducement to do his best, but that it is also of great importance inasmuch as it attaches rural labour to the soil.

In the manufacturing industries and in trade, young men are chiefly wanted, and in advertisements for labour it is frequently stated that men above forty or fifty years need not apply. Old men are almost useless for manual labour in towns, and they

easily become paupers there, whilst they could find plenty of work in the country. According to a census which was taken on the 14th June 1895, the proportion of agricultural labourers above fifty years in Germany was 15.80 per cent., while the proportion of industrial labourers above fifty years was only 9.30 per cent.; the proportion of agricultural labourers above sixty years was 7.31 per cent., whilst the proportion of industrial labourers above sixty years was only 2.93 per cent.; the proportion of agricultural labourers above seventy years was 1.94 per cent., whilst the proportion of industrial labourers above seventy years was only 0.53. From these figures it appears that the chance for old men to find employment in agriculture is in Germany from two to four times greater than is their chance to find occupation in trade and in the manufacturing industries. In Great Britain, where town life and town work is more of a rush and scramble than in Germany, the chance of finding occupation for men above forty or fifty years should be from three to six times greater in agriculture than in the manufacturing industries and in trade. From three to six times more old men could earn a living in agriculture than they can in industrial pursuits; and if our agriculture should again become prosperous, the nation might usefully employ many thousands of old men in the fields and the farms who live now in the workhouse, and millions which are yearly spent in poor relief might be saved.

In the beginning of this chapter it has been explained that Germany's agriculture was very poor and most primitive at a time when the rural industries of Great Britain were most advanced and most flourishing. When British agriculture was at the height of its success, and when our farmers made money, the

spirit of scientific inquiry and experiment arose, and the ambition to make improvements of every kind was very strong in this country. Hence, French and German agriculturists and economists flocked to this country to study and to copy our then so highly advanced agricultural methods, which served as a model to all nations.

On the model of British agriculture the present prosperity of the agriculture of Germany and France was founded, incredible as it may seem if we compare the agricultural position of those countries with ours at the present day. Between 1798 and 1804, Albrecht Thaer published his celebrated work, "Introduction to the Knowledge of English Agriculture," in three volumes, which was followed by a work in four volumes, entitled "The Fundamental Principles of Agriculture," which was also based on his study of our rural industries. These books became the German agriculturist's Bible, honours were showered upon Thaer during his lifetime, and life-sized statues in marble and in bronze of the man who introduced British agricultural methods into Germany may now be found in Celle, in Leipzig, and in Berlin. The grateful agriculturists of Germany would act more justly if they erected in the country statues representing British Agriculture. Later on, Wilhelm Hamm's book, "The Agricultural Implements and Machines of England," which was published in 1845 in Brunswick, exerted almost as great an influence as did Thaer's writings in Anglicising German agricultural methods.

Great Britain was the pioneer not only in empiric methods of cultivation, and in the introduction of improved machinery, but also in making scientific experiments in matters agricultural. Through the

munificence of Sir John Lawes, the experimental station of Rothamsted was founded in 1840, and only eleven years later Germany followed our example by opening an experimental station in Möckern, near Leipzig. But whilst Great Britain opened her second experimental station more than thirty years after the creation of the Rothamsted establishment, Germany opened station after station in rapid succession. In 1856, two experimental stations were opened at Bonn and at Breslau; in 1857, three experimental stations arose in Göttingen, Dahme, and Munich; in 1858, another institution was created in Insterburg; and at the present moment there exist no less than seventy experimental stations, all over Germany, where, by constant research and practical investigation scientific agriculture is advanced, seeds and manures are tested, &c., &c.

Great Britain, after having been the first and the foremost nation in applying science to agriculture, has now become the last. Private enterprise, which was the pioneer, has done wonders in this country here and there, but the isolated efforts which have been made by some munificent, unselfish, and patriotic individuals have, on the whole, proved as ineffective to the multitude as isolated efforts at making improvements are always apt to prove. On the other side of the Channel, the German Governments have taken up the ideas which they received from England. They have exploited and have applied our discoveries not here and there, but throughout Germany, by disseminating knowledge all over the country by means of the Government machinery, and by encouraging scientific agricultural investigation with liberal grants. At the present moment, even Japan is far ahead of England in applying science to agri-

culture, although agricultural science was, until lately, unknown in that country.

Whilst Germany imitated this country in many respects, she struck out a line of her own by the work of Justus von Liebig. That great chemist published in 1840 his celebrated work, "Organic Chemistry applied to Agriculture and Physiology," which has proved revolutionary in Germany's agriculture. If Liebig had lived in Great Britain, his work would have benefited only the far-seeing few, because our officials would have remained indifferent to his discoveries, even if they had understood their value. They would have left their exploitation and fruition to unaided private initiative. But the German Government took care that the brilliant discoveries of Von Liebig should prove beneficial to the whole nation. Chemical investigation and tuition was promoted and spread by the liberal aid of the Governments which opened chemical laboratories and created chairs of Chemistry throughout Germany. Thus the chemical industry of Germany has become the foremost in the world, and it has proved of incalculable help to Germany's agriculture. The greatest chemists were, and are still, Frenchmen and Englishmen. Nevertheless, Germany has the foremost chemical industry, not because she possesses the greatest chemists, but because she has an enormous number of working chemists, and an organisation which favours the exploitation of chemical and other inventions throughout the whole of the empire.

When the German chemists produced sugar from beetroots, the West Indian planters laughed at the chemical sugar; but at present the German sugar industry stands supreme in the world, perhaps less because of the bounties which the Government grant

it than because of the improvements which the German chemists have gradually effected both in agriculture and in the utilisation of the roots. How marvellously the German sugar industry has improved with the assistance of the chemist may be seen from the substantial increase in the percentual yield of sugar, which has gradually been effected. How great and how continuous this improvement has been, and how greatly the production of sugar has increased at the same time, may be seen from the following figures :—

	Percentage of Raw Sugar extracted from Beet	Production of Sugar in Germany
1875–6 . . .	8.60 per cent.	358,048 tons.
1880–1 . . .	9.04 „	573,030 „
1885–6 . . .	11.85 „	838,105 „
1890–1 . . .	12.54 „	1,336,221 „
1895–6 . . .	14.02 „	1,637,057 „
1900–1 . . .	18.86 „	1,970,000 „

Without the marvellous improvements in the percentage of sugar extracted, the sugar production of Germany would certainly not have grown sixfold within twenty-five years and be now the largest in the world. At present, the German raw sugar factories employ about 100,000 men during part of the year, whilst about 650,000 men are occupied with growing the roots, which represent a value of about £12,500,000. The sugar extracted is worth about £20,000,000 per annum, of which half is exported, and probably about £15,000,000 per annum are spent in wages in the sugar industry. The tops of the roots are locally used for fodder, and the residue of the roots, from which the sugar has been extracted, is dried and sold for fodder which can be preserved through the whole year, and which represent a value of about £2,000,000. Thus the German chemists have, with the liberal assistance

of the Government, artificially created this enormous and most valuable additional crop.

Evidently the policy of non-interference in business matters is not without its disadvantages, but discretion and knowledge is needed on the part of the Government which wishes to interfere in matters of business. If Great Britain wishes to apply science to industry, and make it more than a fashionable and popular cry, our higher education must be reformed root and branch, and State aid must be forthcoming without stint. But not only must money be spent like water, it must be spent in the right direction, for this country has frightfully fallen behind-hand in the organised pursuit, and especially in the organised application, of science. The cleverest chemists are of little service to this country if, for lack of rank and file, their inventions are exploited abroad. Our great chemists, who are the foremost in the world, are of little use to our chemical industries. They might just as well live in Germany or the United States, for in those countries their inventions are universally appreciated and exploited.

British education is, unfortunately, more ornamental than useful. Therefore the most valuable schools of practical agriculture are sadly lacking in this country, whilst Greek is still compulsory at the Universities. In Prussia alone there are nine agricultural High Schools, where about 2500 pupils are trained by 202 teachers. According to the latest return, these High Schools were attended by 1852 German students, and by no less than 569 foreigners. Evidently, these courses are very popular not only with German agriculturists, who, by-the-bye, are very foolish not to keep their knowledge for themselves. The State aids these High Schools with grants of

£40,860 per annum. Besides there are 202 ambulant lecturers provided by the State, who teach scientific agriculture. Furthermore, there are in Germany 269 other agricultural schools, with 1803 teachers and 15,811 pupils, and facilities are provided in every direction for spreading the scientific knowledge of agriculture far and wide. Many teachers in rural elementary schools voluntarily study agriculture in the High Schools, in order to be able to teach some useful and valuable things to the country children and their parents. The Prussian Ministry of Agriculture spends yearly about £200,000 on agricultural education in all its branches, and the sum total spent by all the German Governments and local authorities in this direction should at present amount to about £500,000.

The general education in the rural districts of Great Britain is unfortunately too townified, and the little boys and girls are taught subjects at the schools which not only are useless, but which unfit the children for rural life. The boy who leaves the elementary schools has only too often been estranged from the country, and has been taught to turn up his nose at agriculture; the girl aspires to a situation in Kensington, and the possession of a piano; and if she marries a countryman she reads penny novelettes, and thinks it beneath her dignity to milk a cow or look after the chickens, for that would not be ladylike.

Unfortunately, the mistakes which are made in our primary education can never be rectified. The youthful minds which, by a totally unsuitable education, have been made to despise the country and the country occupations, will not easily take to country life and love it. Because of our misdirected primary

education, many farmers and many manufacturers also have become altogether hostile to the Board Schools, and they sigh for illiterate workers. In this they are wrong. Education in itself is not an evil. The right education is a blessing, the wrong one a curse. However, it would be a mistake to assume that German education is perfect, or even near perfection. It is good at the top and at the bottom. Her primary schools and her Universities are very good, but her intermediate schools, and especially the classical gymnasia, through which most University students have to pass, are bad, and are totally unsuitable for preparing young men for practical vocations. They develop only the memory, but train neither the character nor the mind, and the tuition received in them is, in nine cases out of ten, altogether useless. They are merely cramming establishments.

Co-operation for agricultural purposes first sprang up in this country, but owing to the indifference of the State co-operation among farmers has not spread in Great Britain. The lack of co-operation among British agriculturists is due not only to the indifference of the State and the insularity of our habits, but also to the fact that every rural property is enclosed by a fence or a hedge in England and by stone walls in Ireland and Scotland. Not only are these hedges unnecessary and exceedingly wasteful, as has already been mentioned, but they form at the same time a most effective barrier to progress, inter-communication, and co-operation. A farmer does not like to look over another man's fence, and he does not like his neighbour to look into his fields.

In Germany, in France, in Austria-Hungary, and Switzerland, and in other countries matters are dif-

ferent. Boundary stones, deeply sunk into the ground, show the limits of individual properties, and farmers do not work each for himself behind the screen of a hedge. Cultivators in Germany and elsewhere constantly observe one another, freely talk to one another, and often take their meals together on the boundary between their fields. Observations are thus continually exchanged, and a community of interest is established. Thus, German agriculturists are drawn to one another through the absence of artificial obstructions, whilst British farmers shut one another out, and are apt to look on their neighbours with suspicion. For these reasons, the co-operative movement could more easily develop in Germany than it has done in this country, especially as the extension of the co-operative movement was actively assisted and promoted by the Government, which saw in it a powerful factor for the advancement of agriculture.

Aided by the State and by the communities, co-operation among the German agriculturists has developed with ever-increasing rapidity. In 1890 there were in Germany 3,000 co-operative agricultural societies. In 1901 there were no less than 15,034 societies of this kind in existence. Of these, 10,487 were credit societies, 1,294 were societies for co-operative buying and selling, 2,047 were co-operative dairy societies, 198 societies dealt with milk, and 1,008 co-operative associations were devoted to various purposes. How vast the number of these societies is in Germany may be seen from the fact that there is now on an average one co-operative society for every three hundred individual holdings.

There are numerous associations for building dykes against floods, for developing irrigation, for draining fields, drying swamps, acquiring bulls and stallions

for breeding purposes, for milling and storing grain, for effecting insurance, &c., and in consequence small and poor farmers may have the use of steam ploughs, threshing machines, &c., at most moderate rates. Thus a comparatively small quantity of expensive agricultural machinery is made to do service to large numbers of peasants, much capital is saved, and small cultivators receive all the advantages which otherwise are only within the reach of wealthy landowners.

The State and local bodies assist in the forming of such associations, and often provide funds. Two or three small and poor local bodies agree to buy on joint account certain expensive machinery, and hire it out by the day, whilst the State or individual provinces undertake larger works for the benefit of agriculture, such as the draining of the extensive marshes near the coasts of the Baltic and of the North Sea.

Perhaps the most important co-operative enterprise created by the State is the Preussische Centralgenossenschaftskasse, the Central Bank of Co-operative Associations. This huge bank, which was created in 1895, is meant to be the banker of the co-operative societies. It accepts deposits, grants loans, &c., and the State started it on its career with a capital of £2,500,000 in cash. How great the service of that bank has been to the co-operative associations may be gauged from the fact that its turnover amounted to no less than £168,073,917 in 1899, and that it served as a bank to seven hundred thousand producers. The rate of interest charged by that institution is extremely low, and fluctuates, as a rule, between 3 per cent. and 4 per cent.

Whilst agricultural co-operation in Germany is a

powerful factor in the economic life of the nation, it figures in this country chiefly in the speeches of politicians, who very often have a somewhat hazy idea of the meaning of co-operation. Though not a few parliamentarians glibly recommend co-operation as a panacea for all the ills from which agriculture is suffering, they do nothing practically to further that movement. After all, it is easier to give good advice than to act. It is true that the co-operative movement has made some headway in Ireland; but whilst agricultural co-operative societies count by many thousands in Germany, they count only by a few hundreds in this country.

Apart from the co-operative associations, the rural industries of Germany possess numerous huge and powerful societies for improving the breed of horses and cattle, promoting the keeping of fowls, for growing hops and fruit, for keeping bees, &c.; and many of these societies receive considerable subventions from the State.

The whole of the agricultural population of Germany is organised in some enormous political associations, namely, Farmers' Associations and Peasants' Societies, which have about a million members. Through these enormous associations the agricultural interest of Germany exercises some considerable influence in the Imperial Parliament, and in the various local Parliaments of Germany, whilst in England, the classical land of political organisation, agriculture is politically inarticulate, and therefore neglected—an unknown factor, a plaything, and a victim to the political parties and to local authorities, without a friend, without an advocate, and without a champion, especially as "the man in the street" is unfortunately a townsman.

Had it not been for the powerful combination of all the agriculturists, and for the determined agitation of their representatives in Parliament, the rural industries of Germany would certainly not have obtained the strong fiscal protection which they will enjoy under the new tariff. The moderate protective tariff on all agricultural products which has prevailed so far in Germany has been a great blessing to Germany's agriculture, and it has done no harm to her manufacturing industries, which have marvellously developed at the same time. But whether the high and apparently exaggerated duties on agricultural products of the new tariff will be beneficial or harmful to industrial Germany remains to be seen.

It is true that the wholesale prices of food are higher in Germany than they are in Great Britain, but it does by no means follow that the retail prices, which alone are of importance to the consumer, are also higher in that country. In Germany the consumer buys agricultural produce directly from the producer. There are huge markets in all German towns, and even in the very largest, and there the peasants from the surrounding districts will be found offering their produce for sale. The charges made for the use of these markets is either purely nominal or *nil*. In Great Britain, where similar markets are known only in out-of-the-way places, the working man cannot buy agricultural products from the farmer, but has to purchase them from a shopman, who, in turn, receives his goods from a wholesale dealer. Therefore it is not the British farmer only who has to maintain a host of unnecessary and unproductive middlemen, as has already been shown; the British consumer also has to maintain an army of middlemen, which does not exist in Germany, and which need

not exist in this country. In Germany, no thrifty housewife would dream of buying her vegetables, her fruit, her poultry, her eggs, her butter, &c., at a shop. She goes to the market for her supply. In this country she has to go to the shops, unless the shopman "calls for orders," and as the turnover of the average greengrocer is very small, and as the goods are easily perishable, the shopman has to charge two, three, or four times the price which the producer receives. Therefore, vegetables and fruit, which are a luxury in this country, are often the poor man's food in Germany.

In the biggest towns of Great Britain, and at the seaports where foreign agricultural produce arrives in huge quantities, and has to be sold quickly, food is cheap, and is often cheaper than it is in the country. In Germany, on the other hand, where duties on imported food are levied on arrival at the harbours, food is much cheaper in the country districts where it is raised. Hamburg, the German Liverpool, is the most expensive town in Germany. Families in reduced circumstances in Germany migrate to the country for cheapness, whilst people living in the country districts of Great Britain find it often cheaper to get their agricultural produce from London. Our towns have grown out of all proportion, not only because the chances of finding employment for labour and of relief for the destitute are greater in the towns, and because we have no peasant proprietors, but also because food is cheaper in town than it is in the country.

That agricultural products are cheaper in London than they are in the country is most unnatural and most unfortunate. This artificial cheapness is an additional cause of the ruin of our agriculture. If

we look at wholesale prices, food is so cheap in Great Britain that agriculture, which in selling its produce receives only the wholesale price, cannot be carried on with a profit; but if we look at the retail prices, we find the same products to be so dear, owing to the exactions of the middleman, that this country compares unfavourably with Germany with regard to the price of food. The hosts of middlemen have spoiled the market for our rural industries. Hence, the rural industries should strive to bring producers and consumers together, and to eliminate those crowds of unproductive and unnecessary middlemen, who flourish whilst our rural industries decay.

Our agriculture suffers not only from the exactions of the go-between, but also from outrageously high transport charges. In Germany agricultural produce has to travel enormous distances by rail, and it can be carried cheaply. In Great Britain, where, owing to the size and happy configuration of the country, agricultural products need travel only trifling distances over land in order to be brought to the large towns, railway carriage, even in bulk, is so dear as often to make it prohibitive to farmers. Our railways are even allowed to exact far more from the reduced British farmer than they charge to the State-protected and prosperous foreign agriculturists. Therefore it comes that American, Australian, and Continental fruit can be sold in London at a profit, whilst English fruit often rots on the trees not far from town, because our railways choose to charge freight rates which often make it impossible for the British farmer to sell his produce at a profit in the nearest and most natural market. Thus, foreign producers receive a greater bounty from the British railway companies in the shape of preferential railway rates.

than they receive from their own Governments in the shape of fiscal protection. Such is the blessing of so-called Free Competition among our railways.

It is scandalous that our railways may thus help to foster foreign rural industries and to kill our own, and it is a disgrace that no British statesman has so far had the courage to abolish the crying abuse of differential rates favouring the foreigner which exist in no country except Great Britain. Whilst the German peasants travel fourth-class at about a farthing a mile, and are allowed to take into the carriages, which are specially built for that purpose, huge baskets full of produce which are carried free of charge, British railway charges are so high, even for carrying large quantities of farm produce, that every night long strings of carts may be seen carrying agricultural produce from the country into London and other big towns. Only in the country which was the pioneer in railway transport, the railways are allowed to extort from the countrymen freight charges which even now make the mediæval form of transport the cheaper one. In that country which, after Belgium, possesses the densest railway net in the world, droves of cattle and flocks of sheep may be seen walking from Scotland to London, whilst in Germany cattle transport by road is almost unknown.

In our congested towns, millions of poor are crying for cheap food, and in our deserted and reduced country districts hundreds of thousands of impoverished farmers are crying for town prices for their vegetables, their meat, their fruit, &c. Yet the bitter cry of country and town remains unheard. Consumers and producers cannot meet because our railway companies stand between the two and exact a ruinous

toll in the form of railway rates which are without a parallel in the world.

Englishmen who have travelled in France, Italy, or Spain have bitterly complained of the octroi duties which are charged on every basketful of food which is brought into the town, but no octroi duty charged abroad is as high, as arbitrary, as vexatious, and as destructive as that exacted by our railway companies from British farm produce. Nowhere in Europe, Belgium excepted, is the natural distance between town and country smaller than in Great Britain, but nowhere in the world is the artificial distance between town and country greater than in the United Kingdom, owing to the selfish and openly anti-national policy of our railways, which have callously destroyed important industries, and have made it almost impossible for town and country to exchange their natural products in a natural manner.

We have of late heard much of the deterioration of the national physique, and it cannot be doubted that the sturdy English race of former times is becoming almost extinct, and is being replaced by a puny, stunted, sickly, sterile, narrow-chested, weak-boned, short-sighted, and rotten-toothed race. Our magnificent physique, which used to be the envy of all foreign nations, is rapidly disappearing, notwithstanding the fact that, according to the statistics, no nation in Europe consumes as much meat per head of population as does Great Britain. But at the same time, no nation in Europe leads a more unnatural and a more artificial life. Out of one hundred Britons, no less than sixteen are Londoners, and almost four-fifths of our population live in towns. In Germany only three men out of one hundred live in Berlin, and only half of the population are town-

dwellers. In Prussia and Bavaria, which combined have as many inhabitants as Great Britain, only six million people live in towns of above a hundred thousand inhabitants, whilst in this country fifteen million people unhealthily live crowded together in towns of above a hundred thousand inhabitants.

But not only live four-fifths of the people in unnatural surroundings, they are also unnaturally fed. Town mothers rarely have a sufficiency of good milk; hence, the poor town babies are brought up on artificially coloured, chemically treated, impure, and often adulterated cows' milk, on patent food, &c., whilst country babies are usually brought up on their mothers' milk. Later on, the town children, who had never a proper start and a fair chance in life, are to a large extent fed on tinned, chilled, frozen, chemically prepared, and adulterated agricultural products, which are sent to this country from abroad. That a race which is brought up in such a manner is not a healthy one cannot be wondered at. On the other hand, in Ireland, where there is proportionately a huge agricultural population, by far the finest specimens of British manhood are to be found, although the Irish country population is poor and is chronically under-fed. The striking difference between the under-fed but country-bred Irishmen and over-fed, town-bred Englishmen should give food for reflection.

German economists, German statisticians, and German generals have from time to time drawn attention to the physical deterioration of the population in the large German towns, and have made comparisons by means of the statistics of births and deaths, the recruiting tables for town and country, &c., from which it is apparent that the birth rate in the German

towns is rapidly falling, and that townsmen in Germany are physically deteriorating and becoming sterile. Therefore Bismarck refused to allow Germany to become a purely industrial State like England, and he fostered the rural industries of Germany directly and indirectly, in every way, so as to preserve the physical strength and health of the nation, which, after all, is its most valuable asset. Whilst our birth rate is rapidly falling and is almost the lowest in Europe, the proportionate increase of the German population is becoming greater from year to year, and is now the greatest in Europe. Whilst the cry of physical degeneration is on everybody's lips in this country, no similar complaints are raised in Germany, and the fact that the rapid increase of the population is not accompanied by a falling-off of the national physique is attributed by German statesmen to her prosperous agriculture.

The foregoing short sketch shows why Germany, which has a poor soil, an unfavourable climate, and an unfortunate geographical position and structure, and a somewhat dull-minded country population, possesses a powerful, flourishing, and expanding agriculture, whilst Great Britain, which has the most fruitful soil in Northern Europe, a mild and equable climate, a most favourable geographical position and structure, an enterprising and energetic population, and a great agricultural past, has rural industries which have been decaying for three decades. This article shows that the ills from which our rural industries are suffering are not incurable, but they can only be cured by a man of action and of determination, who is backed by a Government which is willing to lead.

Before all, the powerful agricultural interest must strive to gain power by combination. It must form

a solid phalanx, and must assert its claims with energy in Parliament and before the local authorities, which only too often tax and worry agriculturists out of existence. If the agricultural interest remains politically formless, shapeless, voiceless, and inert, it will continue neglected. If it is united in mind and united in purpose, the great political leader will be forthcoming who will make the cause of agriculture his own, and who is prepared to create conditions which will make our rural industries powerful and prosperous. Our latent agricultural resources are probably unparalleled in Europe, and Great Britain may again become the envy and the model of all European nations by the unrivalled excellence and the unrivalled prosperity of her agriculture. But much hard work will have to be done to achieve such a result, which is worthy of a great statesman's ambition, for he who recreates our agriculture will regenerate Great Britain.

CHAPTER IX

WATERWAYS AND CANALS

OUR most active and most dangerous industrial rival, both as regards our home and our export trade, is Germany, and we have often been told by merchants and manufacturers that the German industries are so exceedingly and so uncomfortably successful in Great Britain and abroad, and are constantly ousting British manufacture, because they enjoy cheaper transport facilities. Therefore loud complaints have from time to time been raised in this country by manufacturers and traders against the exactions of our carrying trades, and the spokesmen of the carrying trades have again and again assured the public that their charges were exceedingly moderate; that they could not possibly accept freight at lower prices; that the conditions for economical transport in Great Britain were totally different from, and could not be compared with, the conditions existing in Germany, &c. The first two arguments appear incorrect, but the last argument is quite true. The natural conditions for cheap transport in Great Britain and Germany are indeed totally and absolutely different, but they are not by any means in favour of Germany. On the contrary, they are in favour of this country, and so much so that, if our transport system was properly arranged and managed, Germany would be utterly incapable to industrially compete with this country. A glance at a map of Europe will prove this assertion

to be true, and show the fundamental difference existing between the two countries as regards cheap transport.

The greatest industrial and exporting centres of Germany are the following :—The Rhenish-Westphalian centre, with the towns of Dortmund, Gelsenkirchen, Ruhrort, Barmen, Elberfeld, Essen, Bochum, Düsseldorf, Cologne, Aix-la-Chapelle, &c. ; the Alsatian centre, with Mülhausen, Gebweiler, Dornach, Colmar, &c. ; the various centres situated in the Palatinate, Hesse, Baden, Würtemberg and Bavaria, with the towns of Höchst, Ludwigshafen, Carlsruhe, Mannheim, Offenbach, Frankfort, Reutlingen, Bamberg, Nuremberg, &c. ; the centre in the Saxonies, with Chemnitz, Glauchau, Zwickau, Plauen, Greiz, Gera, Dresden, Leipzig, &c. ; and the Berlin district. In the north of Germany, near the sea border, there are practically no industrial towns, and the country is almost exclusively devoted to agriculture. Bremen, Hamburg, Kiel, Lübeck, Stettin, Dantzig, Königsberg, do some manufacturing, as every town does, but they can hardly be called manufacturing towns. The manufacturing districts are to be found in Central Germany, and especially in Southern Germany, but not near the sea. If we draw a straight line from the Rhenish-Westphalian centre, which is chiefly devoted to the coal and iron industries, to its nearest harbour, Antwerp, the distance, according to the towns chosen, comes to 100 to 150 miles. Berlin is separated by 90 miles of land from the sea. All the other manufacturing towns belonging to the other centres are separated from their nearest harbour or from the sea border by a distance of from 200 to 350 miles, and it may be said, if we look at the German industries as a whole, that they are carried on at an

average distance of more than 200 miles from their harbours.

If we now look at a map of Great Britain, we find that our industrial towns are in most instances situated either on the sea, or but a few miles distance from the sea. Our industries are carried on as a rule not further than 10, 20, or 30 miles away from the sea border, and the maximum distance which need be considered for industrial inland transport, and which is altogether exceptional, is but 60 miles in a straight line. Consequently, it appears that the raw materials imported from abroad by sea which are used in the German manufacturing industries, such as cotton, wool, ores, metals, wood, &c., and the articles for the consumption of the industrial labourers, the prices of which indirectly affect the cost of manufacturing and therefore the welfare of the industries, such as wheat, flour, meat, petroleum, &c., have to travel a distance which in Germany is from eight to ten times longer than it is in Great Britain. The industrial products exported, also, have in Germany to be laboriously transported inland eight or ten times the distance which they have to travel in this country. Evidently the German industrial army has to fight far away from its base, and its lines of communication are exceedingly long.

Whilst Inverness, Aberdeen, Dundee, Perth, Glasgow, Edinburgh, Greenock, Newcastle-on-Tyne, Sunderland, Middlesborough, Stockton-on-Tees, Bristol, Cardiff, Swansea, Manchester, Preston, Barrow-in-Furness, London, Belfast, &c., can manufacture on the very sea border, their German competitors, the shipbuilding industry of course excepted, have to labour more than 100 miles inland. But even the German shipbuilding industry is at a great disad-

vantage, compared with the shipbuilding industry of this country, for it also has to rely on the far-away industrial Hinterland, whence it draws a large part of its supplies, notably coal and iron. Therefore it is absolutely clear, and it is beyond all doubt or contradiction, that this country is, as regards manufacturing, infinitely more favourably situated than Germany, because it operates close to its sea base, and it may be asserted, and cannot be gainsaid, that the natural advantages of Great Britain are so immensely in our favour that the German industries would be absolutely incapable of competing with the industries of this country if the enormous advantages which our geographical position offers were fully utilised.

From the foregoing it is clear that Germany is very heavily handicapped by nature in the race for industrial success, and the position of most Continental countries, which wish to develop their industries, is similarly unfavourable. The manufacturing industries of France, Italy, Austria-Hungary, and Russia, also, are carried on far inland. Lyons lies 160 miles from the sea; the distance between Milan and Genoa is 80 miles, but Italy has no coal; the manufacturing towns of Bohemia are 300 miles distant from their harbour, and Lodz in Russian Poland is separated by 170 miles from the coast. One might almost say that in Europe the industries are situated in the centre of the Continent, with the exception of Great Britain, where they are placed on, or close to, the sea border. Therefore Great Britain might again acquire and maintain the industrial monopoly, or at least industrial predominance, in Europe if she avails herself of her most favoured position. When Cobden prophesied with emphasis that this country "was and always would remain the workshop of the world,"

he probably based this proud and sweeping assertion, which time unfortunately has completely disproved, more on our magnificent and unique geographical position, and the peculiar structure of this country, into which the sea deeply penetrates from all sides, inviting us to pursue manufacture and foreign trade, than upon his fiscal panacea. Natural conditions are always in the end much stronger than any policy.

Industrial Germany is hampered in many ways. Her climate is very severe, her coal is of poor quality and is found only far inland, her inhabitants used to be engaged chiefly in agriculture, and had neither natural ability nor inclination for manufacturing and trade, and she used to possess little accumulated wealth. Consequently it was of vital importance for the industries of Germany that the enormous difficulties and obstacles which nature and custom had placed in the way of her industrial success should be overcome. Conditions *sine qua non* for giving vitality to the German industries were a practical, businesslike education, the application of science to industry, thrift, and, before all and most of all, a comprehensive and efficient system of cheap transport whereby to bridge over and shorten the long distances which separate the numerous interdependent industrial centres from one another and which part these centres from the sea.

Already in the Middle Ages the foreign trade of Germany relied chiefly on her waterways. The Valley of the Rhine was the highway over which for more than 1,000 years the commerce flowed between the Orient and Great Britain, going *vid* Italy, Switzerland, and the towns of Flanders and Holland. Before the age of steam and of machinery, the German industries flourished in the towns on the Rhine, Elbe,

and Danube, and their tributary streams. Their prosperity was founded on cheap water transport. "Navigare necesse est, vivere non necesse est," was the motto of Lübeck. Nature and tradition point to the waterways for Germany's prosperity, and modern Germany resolved to extend the use of her historic waterways to the utmost, notwithstanding the example of Great Britain, which at the time of Germany's industrial transition was still the foremost industrial country in the world and a model to all nations.

When the railways were introduced, Great Britain ceased to extend her system of waterways, which in past decades she had built up with the greatest energy. Her system of canals, which were the foremost in Europe, and which used to be the admiration and envy of all foreign nations, were declared to be useless by the promoters of railways and their friends, and the nation weakly and foolishly allowed its canals to fall into decay at the bidding of those interested in railways. One of the greatest German authorities on inland navigation speaks as follows of our canals in a most important book on "Inland Navigation in Europe and North America," which he compiled by order of the Minister of Public Works for the information of the Government, and which was published in 1899. His words are weighty and to the point, and we shall do well not only to read them, but also to heed them.

"The artificial waterways of England are the oldest in Europe. . . . Next to Sweden and Finland, Great Britain possesses the closest net of water-courses in Europe, and she is exceedingly favoured by nature for inland transport by water owing to the climatic conditions prevailing, the plenty and equal distribution of rain, and the mild winters usual in that

country, as well as owing to the formation of the coast with its numerous inlets of the sea, which deeply penetrates from all sides into the land.

"With the arrival of railways, the building of canals ceased almost completely in 1830. The railways were placed in a position in which they could easily destroy the canals. Through traffic on the most important canal routes had to pass through a number of different and independent canal systems. As soon as a railway succeeded in obtaining the control of an indispensable part of the canal route by purchase, lease, or traffic agreement, it took to destroying the traffic on the adjoining canals, either by enforcing maximum rates or by numerous other expedients. After having been damaged in this manner, canals were bought up cheaply by the railways, which used them for traffic which could not conveniently be handled by the railroads or which stopped the canal traffic altogether. The numerous independent canal companies possessed no central organisation, and when in 1844 an organisation for combined defensive action was created, important parts of the canal system were already in the possession or under the influence of the railways, and it was too late to oppose their further encroachments. In 1871 canal property had on an average fallen to one-third of its former value. Only in 1873 were the railways prohibited to close for traffic canals in their possession, or to allow them to fall into disrepair."

Germany has tried in the past to learn from us in order to become also a great industrial nation. She has copied Great Britain in many ways, but she has not by any means copied us blindly and in everything. She has refused to adopt Free Trade, notwithstanding the vigorous agitation of the Cobden

Club and its professorial sympathisers in Germany; she has declined to hand over the whole of her productive industries to the tender mercies of her transport industries, relying on the dogma of free competition which was preached by the same political economists who championed Free Trade; she has declined to let her agriculture be ruined on the strength of certain theories propounded by professors, manufacturers, and clergymen; and she has firmly refused to let her canal system decay and be partly destroyed in the interests and at the bidding of the railways. Germany has most successfully tried to develop all her industries harmoniously, and not to allow one or the other to become great and prosperous at the expense of another. In this country the lack of harmony and unity is ruining our industries. Agriculture has been ruined by our manufacturing industries, and our manufacturing industries are in their turn being ruined by our carrying trades. Great Britain has been an example to industrial Germany in many ways, but as regards her industrial policy Great Britain has been a warning example to Germany, and is cited as such.

Recognising the importance of cheap transport and of an alternative transport system, which would bring with it wholesome competition, Germany has steadily extended, enlarged, and improved her natural and artificial waterways, and keeps on extending and improving them year by year; and if a man would devote some years solely to the study of the German waterways, and make the necessary but very extensive and exceedingly laborious calculations, he would probably be able to prove that Germany's industrial success is due chiefly to cheap transport, and especially to the wise development of her waterways.

During the thirty years from 1871 to 1900 this country has done practically nothing as regards inland navigation, for the Manchester Ship Canal is a sea canal. During the same period, Germany has built 1091 kilometres of inland canals, she has immensely improved all her navigable rivers, and the German-Austrian canals lately proposed or begun have a length of 3657 kilometres, whilst their probable cost has been estimated at the gigantic sum of about £50,000,000. The Rhine-Elbe Canal Bill of 1901 proposed to spend £19,450,000 on this undertaking alone within fifteen years. Among these canals there are some very vast schemes, such as the Rhine-Elbe Canal, the Danube-Oder Canal, and the Danube-Elbe Canal, enterprises which on an average require an outlay of above £10,000,000 each. Some of these may perhaps not be constructed in the lifetime of the present generation, but it is worth while to take note of these gigantic projects which, after careful investigation, have deliberately been proposed because the fact of their being proposed or begun shows that canals have proved such an immense benefit to Germany that the very cautious and very thrifty Government of that country is willing to sink such immense sums in them notwithstanding the certainty that these canals will prove exceedingly able competitors to the State railways. Here we have the unusual spectacle of the State monopolist deliberately creating a most powerful competition to itself.

Germany possesses a number of big rivers, but these were, until a very recent period, in the same state of neglect in which the rivers of this country are at the present moment. They were natural watercourses with a natural, unevenly deep and partly shallow bed, which did not allow of the use of big

ships, and the soft natural banks of these rivers prevented ships from going at a considerable speed, because the heavy waves created by their rapid progress would have washed the river banks down into the river. For this reason ships had to travel at a very low speed in Germany exactly as they have to proceed on British rivers, and even on those which are emphatically industrial rivers.

The larger a ship or barge is, the cheaper is the cost of transport, for the same number of men who are required for looking after a small barge can handle a large one. Besides, the dead weight of the hull, the proportion of living room to stowage room, &c., is of course far greater in a small than in a large vessel. For the same reason for which ocean steamers are increasing in size from year to year, the ships and barges used in inland navigation are growing continually bigger in those countries where inland navigation is systematically fostered. Again, the quicker a cargo boat can travel, the more economical it is, for time is money. In order to make it possible to use large and swift cargo boats on her rivers, Germany set to work to regulate her natural rivers and to convert them into artificial water-courses of that type which has been found most fit for economical and rapid navigation.

With this object in view, the natural earthbanks of rivers and canals were replaced by solid masonry walls, the river beds were narrowed and deepened, so as to allow the use of large boats, the rocks which in many parts—for instance in the Rhine at Bingen—were a danger to navigation were blasted away, and provisions were made to prevent the ice forming during severe winters and closing streams and canals to navigation. Numerous well-equipped harbours and

quays were built by all towns within reach of inland navigation, and gradually all the more important German waterways were greatly perfected and improved as channels for commercial navigation. On the regulation of the river bed of the Rhine alone more than £1,000,000 were expended during the last twenty years; and, in consequence of the energetic measures which have been taken for the purpose of deepening the channel of that river, Cologne, which in a straight line is situated about 150 miles from the sea, has become a seaport, inasmuch as thirty-four steamers, which have been specially built for that purpose, trade now regularly between Cologne and various harbours in England, Scandinavia, and Russia. High up the Rhine and 300 miles inland lies Strasburg, which formerly could be reached only by the smallest river craft, but now boats carrying 600 tons are going to and from that town, and Strasburg has spent an enormous sum of money in creating the most modern facilities for loading and unloading, storing, &c., of merchandise.

The tributary streams of the Rhine also have been very greatly improved. The Main, for instance, was a shallow stream with a depth of only 2¾ feet which could not be used for shipping. This depth has gradually been increased to no less than 8½ feet for a distance of twenty miles up stream, and at a cost of £400,000, in order to provide the industries of Frankfort with cheap transport by water. Up to Frankfort, the bed of the river Main is as deep as that of the Rhine, and the same steamers which can travel on the Rhine can now go up to Frankfort.

The towns at or near the Rhine are vying one another in tapping that stream exactly as Frankfort has done, and they do so regardless of cost. Crefeld

and Carlsruhe, which are situated some distance away from the Rhine, have dug canals to that stream in order to give the most economical outlet to their industries, and many old-world sleepy towns on the Rhine, which used to subsist on the wine-trade and on tourist traffic, have equipped the water's edge with the most perfect and most up-to-date installations for warehousing and for loading and unloading goods directly from train to steamer or barge, and from boat to train. Ten or fifteen years ago, sacks of wheat weighing 2 cwt. each, could be seen carried laboriously on the shoulder by sturdy men from the small grain boats to old-fashioned sheds, where they were stacked. Now huge ships filled with wheat in bulk are unloaded by suction in a few hours, and the grain is automatically weighed whilst being whisked from steamer to store, or is put into sacks at an incredibly high speed by machinery and dropped into railway trucks. Electricity is largely made use of for working the machinery of these harbours, and some of these are very likely the best equipped inland harbours in the world.

Formerly the greatest attraction for travellers on the Rhine was its romantic scenery and its ruined castles, and the stream appealed most of all to those who are poetically inclined. Now its character has completely changed, and its greatest interest lies in this, that it is perhaps the most perfect waterway in the world for the promotion of industry. Its shores are no longer so remarkable for their romantic views as they are for their countless smoking factory chimneys, and the beautiful scenery begins to be overhung by a pall of smoke which reminds of the Midlands. However, this bustling activity is not by any means restricted to the Rhine. Everywhere in

Germany water transport is being developed with the utmost vigour and energy. On all the rivers and all the canals commercial and industrial activity is marvellously developing, and the development of water transport is becoming almost a sport, if not a passion, with the German business community.

On the canals of this country, which in reality are only shallow ditches filled with water, and on the majority of its rivers, which are not much better, tiny barges loaded with from 30 to 50 tons may be seen which are laboriously moved either by the arms of men or which are hauled by horses at a speed of about three miles an hour. On the German rivers and canals, boats and trains of barges of 300, 500, or 1000 tons each, which are hauled by steamers, may at every hour and on every day be seen proceeding at a very considerable speed. The traveller who journeys by railway along the Rhine or the Elbe cannot fail to see strings of barges carrying several thousand tons of goods constantly passing by.

The great advantages which water transport possesses over transport by land, be it by road or rail, may be seen at a glance from the following facts and figures. A large iron barge of a loading capacity of 2000 tons, and of the type which is used on the Rhine, costs only about £5000, or about £2. 10s. per ton of load room. A German railway waggon of ten tons' capacity costs about £125, or £12. 10s. per ton of load room, and is therefore, as a vessel for carrying freight, five times more costly than is the barge. As regards the cost of moving freight by land and water, the following will show the immense advantage which water transport possesses over land transport. On a horizontal road, and at a speed of about three miles

per hour, a horse can pull about two tons; on a horizontal railway it can pull about 15 tons, and on a canal it can pull from 60 to 100 tons. Therefore, from four to six times the energy is required in hauling goods by rail, and thirty to fifty times more force is expended in hauling it by road, whatever the motive force may be. Therefore, the cost of propulsion by water, whether the motive force be horse traction, steam, or electricity, is only a fraction of the cost arising from propulsion by road or rail. Furthermore, the construction of railways is exceedingly costly. On an average at least £20,000 to £30,000 per mile are required to build a railway in a country such as Great Britain or Germany, whilst a canal can be built at considerably smaller cost. A further circumstance in favour of water traffic lies in this, that far more traffic can pass over a broad canal than can be sent over railway, as will be seen later on. It is therefore clear that transport by water is, and must always remain, owing to its very nature, so very much cheaper than land transport, be it by road or by rail, that railways cannot possibly compete with properly organised, properly managed, properly planned, and properly equipped waterways. Hence it is economically wasteful not to extend and develop the natural and artificial waterways which a country possesses, and it is absolutely suicidal and criminal to let them fall into neglect and decay.

Canals and rivers are most suitable for the transport of bulky goods which are not easily perishable, and which need not be delivered in the shortest possible time. Therefore canals and rivers are particularly suitable for transporting cotton, ore, metal, coal, wood, petroleum, grain, manure, chemicals,

fodder, wool, potatoes, cement, stone, leather, salt, sugar, vegetables, fruit, &c., and machinery, and those manufactured goods which are despatched in fairly big parcels or which are packed in strong boxes and bales.

If it were not for the existence of the German waterways, the German industries would certainly not be in the flourishing condition in which they are now. When ice closes the German rivers and canals, the export and import trades are at once very seriously affected, and if the German waterways should be blocked for a whole year, the whole of Germany would probably be ruined, for Germany cannot live without her waterways. Certain valuable products and by-products of the German mines and ironworks, and the more bulky products of the chemical industries of Germany can, according to Major Kurs, who is a leading authority on inland navigation in Germany, only be sold in Germany and abroad owing to the cheapness of transport by water, and in many cases the profit is cut so fine that an increase of the freight charges by about one-fiftieth of a penny per ton per mile would inevitably kill important industries which it seems are at present killing the industries of countries competing with Germany. Thus Germany's industrial success is no doubt due to a very large extent to the immense assistance which she receives from her waterways.

In consequence of the energetic steps which were taken for the purpose of improving the navigable channel of the Rhine, the volume of transport flowing over that river has, according to the official statistics published, increased in the following remarkable manner :—

THROUGH TRAFFIC OF GOODS PASSING EMMERICH (GERMAN-DUTCH FRONTIER)

	Up-stream	*Down-stream*
1889	2,799,800 tons	2,593,000 tons
1894	4,771,500 „	3,142,000 „
1897	6,929,100 „	3,480,200 „
1900	9,036,400 „	4,129,700 „
1903	10,027,900 „	7,211,900 „

An almost equally rapid increase in the traffic has taken place on all the other rivers and canals in Germany, and the quantity of goods transported by water has in consequence more than trebled during the last twenty-five years. Owing to the marvellous expansion of traffic which had to be handled, the tonnage of the fleet of ships used in German inland navigation has increased in the following manner:—

TONNAGE OF THE GERMAN INLAND FLEET

	Number of Ships	*Tonnage*
1882	18,715	1,658,266 tons
1887	20,930	2,100,705 „
1892	22,848	2,760,553 „
1897	22,564	3,370,447 „
1902	24,817	4,873,502 „

From the foregoing figures it appears that between 1882 and 1902 the tonnage of the German inland fleet has almost exactly been trebled. We have often heard of the marvellous progress of the German merchant marine, but it would appear that the progress of the German inland fleet has been much more rapid, although it has not aroused such widespread attention. Whilst the German inland shipping has increased between 1882 and 1902 from 1,658,266 tons to 4,873,502 tons, the German merchant marine has between 1881 and 1902 only increased from 1,181,525 tons to 2,093,033 tons. The tonnage of German inland

shipping, which twenty years ago was but 50 per cent. larger than the tonnage of German sea shipping, is now, notwithstanding the marvellous growth of the German merchant marine, 150 per cent. larger than the tonnage of German sea shipping. The full significance of this enormous increase in the tonnage of inland shipping is brought out only if we take note of the change in the character of Germany's inland fleet, which is apparent in the following table :—

CLASSIFICATION OF SHIPS OF THE GERMAN INLAND FLEET

	Ships of less than 100 tons	*Ships of 100–150 tons*	*Ships of 150–300 tons*	*Ships of 300 and more tons*
1882 . . .	12,110	3,672	1,764	696
1887 . . .	11,281	5,460	2,136	1,112
1892 . . .	11,430	6,326	2,901	1,721
1897 . . .	10,390	4,405	4,640	2,510
1902 . . .	10,763	1,902	6,829	4,633

The ships and barges of less than 100 tons have decreased in number during the last twenty years, and the whole of the immense increase in inland tonnage has taken place in ships of larger and of the largest size. Those above 150 tons have rapidly increased, and this increase is particularly striking in the case of ships of 300 tons and more, which have increased almost sevenfold, whilst those measuring from 150 to 300 tons have increased fourfold in number. The decrease of the boats measuring less than 100 tons should be particularly interesting to Great Britain, inasmuch as a ship or a barge of 100 tons, which is too small for German inland transport, and is considered to be ripe for the shipbreaker, is a very large vessel in British inland navigation, in which ships of 30 or 50 tons abound. We are still relying for inland water transport upon our ancient water-ditches, miscalled canals, and on tiny vessels

which are being discarded by Germany as being antiquated, wasteful, and therefore useless.

How enormous the influence of the size of ships is on the cost of transport may be seen from the following table, which was supplied by one of the leading German authorities on inland navigation :—

COST OF TRANSPORT PER TON PER KILOMETRE ON CANALS, IN SHIPS OF VARIOUS SIZES, DURING A TEN MONTHS' SHIPPING SEASON

150	200	300	400	450	600	1000	1500	tons.
0.79	0.63	0.48	0.41	0.38	0.30	0.23	0.21	pfg.

One pfennig being about one-eighth of a penny, these rates are roughly equal to the incredibly low charge of from one-seventh to one-twentyfourth of a penny per ton per mile! If British industries would be able to secure rates approximating those given above for their transport requirements, a new era would dawn for our country, and German industrial competition, of which we now hear so much, would become a thing of the past.

From the foregoing table it is clear how exceedingly uneconomical the toy barges are which ply upon British canals and rivers. The cost of transport in boats of 150 tons is about four times greater than in boats of 1500 tons. Nevertheless, even boats of but 150 tons are hardly to be found on British canals and rivers, where barges of smaller size, such as 30 and 50 tons for instance, are still transporting goods at a leisurely speed and excessive costs, exactly as they did in the era of the mail coaches and turnpikes a hundred years ago.

The cost of transport per ton per kilometre for barges of a smaller size than 150 tons cannot be

given, for such barges are no longer of importance on the German waterways, and the rates for such small boats are not given by the German source from which the foregoing figures are taken.

Boats of a size which Germany considers beneath notice as being antediluvian and incredibly wasteful appear to be good enough for this country, which, in spite of these mediæval appliances for transport, aspires to be the first industrial country in the world. The average size of the large boats plying on the German waterways is from 200 to 400 tons on the minor waterways, on the Elbe it is 1000 tons and more, and on the Rhine barges from 2000 to 2350 tons may be seen. If we take the general average, the size of the average barge on the Rhine was 450 tons in 1896, and it should now be more than 500 tons.

The exceedingly low costs of transport given in the foregoing for ships of various sizes apply of course only to a new and perfectly-equipped water-course, such as the proposed Rhine-Elbe Canal, and presuppose a well-filled ship. But as the ideal state of the perfectly-equipped water-course and the well-filled ship is at present rather the exception than the rule in Germany, for there are still many ships about which can only be described as misfits, it is worth while to take note of the average cost of transport on the German rivers, and allow for the fact that a large portion of the tonnage is during part of the year only partly employed or even unemployed. One of the foremost German authorities has furnished the following table of the actual costs of water transport, which is most interesting in so far as it gives a fair idea of the real, not the ideal, business conditions at present prevailing.

COST OF TRANSPORT ON PRINCIPAL GERMAN RIVERS

Average Cost of Transport per Ton per Kilometre

On the Rhine.	
Full load during one-third of year. Three-quarter load during one-third of year. Half load during one-third of year.	0.46 pfennig.
On the Elbe.	
Full load during two-fifths of year. Three-quarter load during one-fifth of year. Half load during one-fifth of year. Quarter load during one-fifth of year.	0.60 pfennig.
On the Oder.	
Full load during one-quarter of year. Three-quarter load during one-quarter of year. Half load during one-quarter of year. Quarter load during one-quarter of year.	0.92 pfennig.
On the Weichsel.	
Full load during one-quarter of year. Three-quarter load during one-quarter of year. Half load during one-quarter of year. Quarter load during one-quarter of year.	1.38 pfennig.

The rivers Oder and Weichsel flow through the chiefly agricultural provinces in the east of Germany where freight is less plentiful and less regular, and where the equipment for economic transport is less advanced than it is in Central and West Germany. Therefore the cost of transport is comparatively high on these rivers, being equal to about one-sixth of a penny per ton per mile on the Oder, and one-fourth of a penny per ton per mile on the Weichsel. On the Elbe the cost of transport is about one-eighth of a penny per ton per mile, and on the Rhine it is as low as one-eleventh of a penny per ton per mile.

As in the foregoing table full allowance appears to have been made for slack time and for the time when navigation has to be stopped in consequence of frost, these figures should give a fair indication of the actual cost of transport on the rivers in Germany.

However, the costs of transport from place to place are not merely the costs of water carriage. Therefore we can obtain a real insight into the costs of transport by water only if we compare all the costs occasioned by water transport with all the costs of transport by railway. In the following table, three typical cases are given in which all the costs of water transport and of transport partly by water and partly by rail are compared with all the costs of transport by rail only. The costs of water transport are calculated on the basis of 600 ton vessels, a size which may be considered a fair average on the up-to-date waterways of Germany. The costs of railway carriage are those of the Prussian State railways, the transport costs and freight charges of which are exceedingly low, as is generally known.

ALL COSTS FOR SENDING COAL

	By Canal	*By Railway*
From Herne (Westphalia) to Hanover. Distance 260 kilometres . . .	3.43 Mks.	5.80 Mks.
From Herne to Schönebeck on the Elbe. Distance 444 kilometres, the mine lying 7 kilometres away from Herne Harbour .	7.00 Mks.	9.00 Mks.
From Herne to Mannheim on the Rhine. Distance 393 kilometres . . .	3.88 Mks.	8.30 Mks.

From the foregoing figures it appears that if all incidental expenses are duly considered, the costs of carrying coal between two of the places mentioned are roughly from 50 to 115 per cent. higher by railway than the costs of carrying coal between the

same points by canal only, by canal and river, or by railway and canal. In view of the fact that the transport costs on the Prussian State railways are exceedingly moderate—they are probably the lowest in Europe—this result is surely very remarkable.

Owing to the greater cheapness of transport by water, huge and increasing quantities of freight are naturally being diverted from the German railways to the waterways, especially as it has been found that well-equipped waterways of sufficient size can deal more satisfactorily and more rapidly with large quantities of goods than can the best-equipped railways. Railway stations are always apt to become congested owing to their very nature, and they cannot so easily be enlarged in order to keep pace with the growing traffic requirements of the time as quays along the banks of rivers and canals can be extended. Besides, the number of goods trains which can be despatched over a railway is naturally limited in consequence of the exigency of the general traffic, which must not be disturbed, whilst on a river or canal of sufficiently generous size a practically unlimited number of cargo boats can be sent at all times and in either direction. Lastly, a goods train can carry but a few hundred tons of goods—300 tons is an exceedingly satisfactory performance for a British goods train—whilst a train of barges can easily transport several thousand tons of freight. For these reasons a far larger quantity of goods can be sent over a fair-sized waterway than can be sent over a railway of similar length, and on a river or a well-equipped canal enormous masses of goods can easily, quickly, and without delay be forwarded, which would cause congestion, confusion, and ultimately a complete breakdown on the best-equipped and best-managed railway. The progressive use of

the waterways in Germany and their ability to handle considerably larger quantities of freight than are handled by the railways, may be seen from the following figures :—

TRANSPORT OF GOODS ON THE GERMAN WATERWAYS

	Arrivals	*Departures*
1875	11,000,000 tons	9,800,000 tons
1885	14,500,000 ,,	13,100,000 ,,
1895	25,800,000 ,,	20,900,000 ,,

TRANSPORT OF GOODS ON THE GERMAN RAILWAYS

	Arrivals	*Departures*
1875	83,500,000 tons	83,500,000 tons
1885	100,000,000 ,,	100,000,000 ,,
1895	164,000,000 ,,	167,000,000 ,,

These figures show that during the twenty years from 1875 to 1895 the quantity of freight handled by the German railways has increased by a little less than 100 per cent., whilst the quantity of freight despatched over the German waterways has increased by considerably more than 100 per cent.

If we now look at the record of ton kilometres, and at the quantity of freight carried per kilometre on both railways and waterways, we find the following figures :—

FREIGHT RECORD ON GERMAN RAILWAYS

	Ton kilometres	*Tons of freight despatched per kilometre*
1875	10,900,000,000	410,000 tons
1885	16,600,000,000	450,000 ,,
1895 . . .	26,500,000,000	590,000 ,,

FREIGHT RECORD OF GERMAN WATERWAYS

	Ton kilometres	*Tons of freight despatched per kilometre*
1875	2,900,000,000	290,000 tons
1885	4,800,000,000	480,000 ,,
1895	7,500,000,000	750,000 ,,

From the foregoing figures it appears that the quantity of goods which have been despatched over each kilometre of railway has increased during the twenty years under review from 410,000 to 590,000 tons, or by only 44 per cent., whilst during the same period the quantity of goods which have been despatched over each kilometre of waterway has increased from 290,000 tons to 750,000 tons, or by no less than 159 per cent. Therefore, rightly considered, water carriage in Germany has expanded about three and a half times more quickly than has railway carriage. In 1875 the goods traffic was 410,000 tons per kilometre of railway, and only 290,000 tons per kilometre of waterway. At that time the railways were still supreme. In 1895 this position had been completely reversed, for the railways dealt in that year with 590,000 tons of freight per kilometre, whilst the waterways handled no less than 750,000 tons per kilometre. Evidently the waterways are in the ascendant in Germany, and if later figures were available, it would probably be seen that the waterways have considerably improved upon their record of 1895.

The effect of the extension and improvement of the German waterways, both natural and artificial, may be gauged from the significant fact that the most prosperous industrial centres in Germany, though they lie far inland, are situated close to the waterways of which they make the most extensive use. The most prosperous part of industrial Germany is the Rhenish-Westphalian district, which might be called the German Midlands. A few years ago a statement was published according to which the two provinces of Rhenish Prussia and Westphalia, which cover but 15 per cent. of the German territory, and which possess 29 per cent. of the population of

Germany, consumed no less than 71 per cent. of the coal used in that country, they produced 81 per cent. of the iron, and 86 per cent. of the steel made in Germany, and they kept 83 per cent. of the German spindles running. How rapid the rise of the Rhenish-Westphalian district as an industrial centre has been may be gauged from the following figures :—

COAL RAISED IN THE DORTMUND DISTRICT

1870	12,219,432	tons
1880	22,364,311	,,
1890	35,577,083	,,
1895	41,145,744	,,
1900	59,618,900	,,

If we now remember that the coal raised in the Rhenish-Westphalian district is very inferior to British coal, that this manufacturing centre lies not, like the British manufacturing centres, close to the sea, but from 100 to 150 miles inland, according to the town chosen, and that a large part of the raw products used in manufacturing and part of the coal comes from German inland centres, which in many instances are hundreds of miles away, the rapid growth of the Rhenish-Westphalian district can only be called marvellous. If we wish to find an instance of similar expansion, we have to look to the United States, and even there the record of the Rhenish-Westphalian industries will very likely not be beaten. If we inquire why this district, which by nature is so little favoured compared with Great Britain, where harbours, excellent coal, iron and manufacturing towns are found in the closest proximity, is the most strenuous, the most successful, and the most dangerous competitor to those British industries which are so greatly favoured by nature, we find that the industrial success

of the Rhenish-Westphalian district would have been impossible had it not been for the cheap carriage of goods afforded by the Rhine. Therefore we may expect to find an indication of the use to which the Rhine is put by the Rhenish-Westphalian industries in the statistics of the port of Hochfeld-Duisburg-Ruhrort, which is the outlet of those industries towards the Rhine. The following figures clearly show what water traffic has meant for the chief industrial centre of Germany :—

WATER TRAFFIC OF HOCHFELD-DUISBURG-RUHRORT

1875	2,900,000	tons
1880	3,500,000	,,
1885	4,500,000	,,
1890	6,200,000	,,
1894	8,200,000	,,
1896	9,700,000	,,
1900	13,000,000	,,

The traffic of that most important inland harbour has quadrupled during the last twenty-five, and more than doubled during the last ten years. Hochfeld-Duisburg-Ruhrort stands now amongst the very foremost harbours of the world, and only those who have thoroughly examined that enormous inland harbour can form an idea of its vastness, the excellence of the harbour appliances, and its activity. The Port of London appears behind the times and asleep if compared with that German inland port, the name of which is hardly known in this country.

The enormous activity of the German waterways, has greatly benefited Holland, for three-quarters of the through trade of Holland is German water-borne trade. Holland lives largely on German trade, and Germany resents that the trade on her chief stream has to pass through a foreign country to which it

has to pay a heavy tribute. The unceasing agitation of the Pan-Germanic League against Holland, and its advocacy of the incorporation of Holland into Germany in some form or the other springs to a great extent from the resentment that the mouth of the Rhine is situated in a non-German country. This feeling of resentment is not confined to the Pan-Germans, for it was one of the principal causes which determined the Government to construct at immense expense the Rhine-Ems Canal with the object of giving to the Rhine an outlet at Emden, which was converted into a well-equipped port. It was intended to divert the export and import traffic of Germany on the Rhine from Rotterdam to Emden, impoverish Holland, and bring her on her knees by economic pressure. On the 11th of August 1899, the Dortmund-Ems Canal was opened, and the year book "Nauticus," which may be described as officially inspired, wrote in the same year :—

"In our time our dependence on foreign countries has frequently been felt by the circumstance *that the mouth of the Rhine is in the hands of a foreign country, and that that country in consequence draws away the chief profit of our export industry.* This state of dependence will be ended by the Dortmund-Ems Canal, which gives to the Rhine, at least *for the Province of Westphalia, a German outlet in Emden.*"[1]

Rotterdam has taken energetic measures to keep the German trade. It has deepened the waterway to the North Sea in the course of years from 15 feet to 29½ feet, it has increased its dock area from 96 acres to 309 acres, and it has spent more than £2,000,000 on improving the harbour. Whether the Dortmund-Ems Canal will in course of time succeed in diverting

[1] The italics are in the German original.

the Rhine trade from the Dutch harbours to Emden remains to be seen. It is possible that it will eventually have that effect, although it does, at present, not seem very likely. At any rate, the German Government has made enormous exertions to achieve that end by building a canal of record dimensions. The Dortmund-Ems Canal is 168 miles long, the water is 8¼ feet deep, or as deep as that of the Rhine up to Cologne, ships of about 1000 tons can use it, and it has twenty locks, of which the most important ones have the enormous length of 542 feet. About £4,000,000, or almost £25,000 per mile, have been spent on that canal, and the harbour dues at Emden have been fixed so low as to give inducement to traffic to desert the Dutch trade route for the purely German one. Evidently Rotterdam will have to look to its laurels.

Roads and canals are open to all. Hence, free competition will insure on both roads and canals a cheap and effective service on the part of the numerous carriers who make use of them. When our railways were in their infancy it was expected by many sagacious men that the iron road also would be common road for the use of all on which many competing carriers would travel with conveyance of their own; but their anticipations were not realised. The owners of the iron roads, unlike the owners of roads and canals, became the only carriers on them, and thus a monopoly arose somewhat unexpectedly, our productive industries were given over to the mercy of our railways, and these hastened to close as quickly as possible the only alternative inland trade routes, existing, by acquiring and obstructing our canals or by "repairing" them out of existence. If we regenerate our ancient canal system, re-open these

obstructed outlets, and bring them up to the highest standard of efficiency, we shall again have free competition among common carriers travelling on the same route, and, in view of our unrivalled position for industrial purposes, our declining industries should rapidly revive by the cheap transport rates which a good system of canals would insure.

It may be objected that the example of Germany cannot be followed by this country, because Great Britain possesses no natural rivers which are at all comparable to the Rhine and Elbe, that therefore Great Britain's position for developing her means of water transport is far less favourable than is that of Germany's. There is apparently much force in such an argument. In reality, however, it appears to be quite incorrect. The great and somewhat wild German rivers had to be made fit for commercial navigation, and at so enormous an expense, that a similar sum of money should almost suffice to give to our chief industrial centres, which after all lie only a few miles from the sea, canals of so much width and depth that they will be as useful to them as the Rhine and Elbe are to the German industrial centres which lie 100 and 200 miles inland. Besides, we have an enormous advantage over Germany, not only in our insular position and in the configuration of the country where industrial centres, coal, iron, and harbours lie in the closest proximity, but also in our climate. The Rhine may often be seen so low that ships and boats have to lie up for lack of water, and at the time when the snow melts in the Alps, that river is often so much swollen that it is like a raging torrent, and that navigation is impossible. Nearly every winter the Rhine and the Elbe are so full of floating blocks of ice that navigation has to be suspended.

The great rivers of Germany are no doubt magnificent arteries of trade, but they had to be regulated and tamed, and at enormous expense, before they could be utilised, and the great changes which occur every year in their depth of water, their strength of current, and their closing in consequence of the very severe winter usual in Germany, make them far less desirable as waterways than they appear at the first glance. Therefore, the advantages of Germany's magnificent natural waterways are far less great than it seems at the first glance, especially as these natural waterways had to be made navigable at enormous cost. The frequent and often lengthy interruptions in traffic which occur on the Rhine and Elbe would hardly happen in this country, where rain falls more regularly, where floods by the melting of snow in the mountains need not be reckoned with, and where streams and canals very rarely are frozen over.

Great Britain possesses no adequate waterways for her industries not because Nature has been unkind, but because men have been short-sighted and neglectful. Whilst Germany has vigorously developed her waterways hundreds of miles inland, Great Britain has not even adequately regulated the Thames. London, with its incomparable position, might become the finest *entrepôt* in the world by making a barrage east of London, and converting the stream for many miles below London into a gigantic lake of still water where undisturbed by the ebb and flow of the tides ships could load and unload on the quays from train to ship and from ship to train, and where they could store their goods in gigantic modern warehouses. Instead of such a harbour, we find a mediæval river with mediæval docks and mediæval warehouses and appliances, where goods have to be "lightered,"

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exactly as in the time of Charles I., and even in the heart of industrial and commercial London, the Thames, which ought to be the best-equipped commercial river in the world, presents its ancient and unlovely mud banks at low tide exactly as it did 1000 years ago.

We may again possess ourselves of the foremost system of inland navigation in the world, which was ours 100 years ago, and it can be recreated easily and speedily at a moderate cost. During the last 20 years or so, Germany has spent about £30,000,000 on her waterways. Such an enormous sum would endow this country, where distances are small, with the most magnificent net of canals which the world has seen. At the extravagant cost of £25,000 per mile, 1200 miles of wide and deep canals could be constructed over which the goods of our manufacturing industries would flow at a cost which now appears incredibly low, and in an unthought-of volume.

The policy of the German Government with regard to her waterways has been deliberately and clearly laid down in an official publication which appeared some time ago, and it is worth our while to carefully study and to bear in mind the principles which are guiding that industrially so exceedingly progressive country. We read :—

"Any means whereby the distances which separate the economic centres of the country from one another can be diminished, must be welcomed and be considered as a progress, for it increases our strength in our industrial competition with foreign countries. Every one who desires to send or to receive goods wishes for cheap freights. Hence the aim of a healthy transport policy should be to diminish as far as possible the economically unproductive costs of transport. A

country such as Germany, which is happy enough to produce on her own soil by far the larger part of the raw material and food which it requires, occupies the most independent and the most favourable position if, owing to cheap inland transportation, its economic centres are placed as near as possible to one another. When this has been achieved, Germany will be able to dispense with many foreign products, and it will occupy a position of superiority in comparison with all those States which do not possess similarly perfect means of transport.

"Many circumstances which in former times gave superiority to certain countries, such as the greater skill of their workmen, superior machinery, cheaper wages, greater natural fertility of the soil: all these advantages are gradually being levelled down by time and progress. *But what will remain is the advantage of a well-planned system of transportation which makes the best possible use of local resources and local advantages.*[1] It is to this that England owes to a large extent her unique position for commercial exchange with other countries."

These words are well worth reading, re-reading, and remembering. Our "unique position for commercial exchange," as the German document calls it, still remains, whilst our equally unique position for industrial pursuits has been spoilt and partly lost through the insufficiency, the inefficiency, and the expensiveness of British inland transport. It is for the nation and its Government to decide whether they will allow Great Britain's industrial supremacy, which nature has put into her reach, which she once possessed, which she has lost, and which is still within her grasp, to be finally lost or to be regained.

[1] The italics are in the German original.

Germany owes, no doubt, much of her industrial success, to her wise policy of protection. But with her protection is not merely a fiscal policy, but a general and comprehensive policy. Industrial protection is extended in that country to all productive interests alike, and harmonious co-operation, not ruthless and mutually destructive competition, which unfortunately means not only the destruction of competitors, but also the destruction of national resources, is her watch-word. Germany protects her population, not only against the tariff attacks of foreign nations from without, but also against the far more dangerous attacks upon their prosperity from within. Hence Germany protects and fosters her industries, not only by her tariff, but also by a practical national education, by equitable and cheap laws, and before all by the provision of adequate, efficient, and cheap means of transport.

CHAPTER X

THE RAILWAYS AND THE RAILWAY POLICY OF GERMANY

AT the beginning of the railway era, Great Britain pursued a vigorous national policy, whilst the Governments of divided Germany were cosmopolitan in theory and parochial in practice; Great Britain was Protectionist, but Germany followed hazy ideas of Free Trade and Individualism; Great Britain was truly a United Kingdom, in Germany Particularism was *in excelsis*, and German unity existed only in the minds of some German idealists; Great Britain was progressive, active and hustling, whilst Germany was backward, conservative, impractical, and indolent. Industry in Germany was incredibly behindhand. The country was peopled by peasants and professors. Berlin had but 200,000 inhabitants, and large towns did not exist.

When in 1825 Great Britain opened the celebrated Stockton-Darlington Railway, and started railway building with the greatest energy, Germany philosophised, gazed, and wondered at the sudden outbreak of British industrial activity. Only ten years later, Germany timidly followed England's lead by opening, on the 7th December 1835, the Nuremberg-Fürth Railway, which, incredible as it may sound, was less than four miles in length. Only in 1838, when in this country already 540 miles of railway were opened to traffic, Prussia opened her first line

from Potsdam to Zehlendorf, which was about thirteen miles long, or exactly one-fortieth the length of the then existing British railways.

But in the same year which saw the birth of her first railway, Prussia passed a wise and far-seeing law, the law of the 3rd November 1838, by which the State gave the greatest liberty to enterprising individuals to construct railways, but which at the same time reserved to the State powers which insured an adequate control over the construction and the management of the railways and over the determination of fares, freight rates, &c. Furthermore, this law laid down the principle that the State should be entitled to take over private railways after thirty years at an exceedingly fair valuation based on the actual capital outlay, and provided that fares and freights had to be proportionately lowered whenever the net profit of railway companies should exceed 10 per cent. on the capital actually invested. Evidently great care was taken to safeguard Prussia's national interests and to protect them against being exploited by the railway companies. Although this law was exceedingly wise and marvellously far-seeing, it remained for a long time a dead letter, inasmuch as the State did not expropriate private railways with that energy that might have been expected; and the reason why the Government did, in the sixties, not act on those views on which the railway legislation of 1838 was based is not difficult to understand.

In the beginning of the railway era, the economic views of the German Government and of their officials were tinged by philosophy, philanthropy, and romanticising cosmopolitanism. They were guided rather by lofty, abstract principles, beautiful theories, and sentimental reasons than by practical, cold-blooded

business considerations. One hundred and fifty years ago, Voltaire had coined the witty phrase, "England rules the sea, France the land, Germany the clouds," and that saying still applied to Germany of seventy years ago. Germany was then a land of dreamers and visionaries. Hence the voice of that great economic reformer, Friedrich List, who so eloquently and so passionately pleaded for a "national" economic policy, was a voice crying in the wilderness. He was hounded out of Germany by the official advocates of official indolence and indifference, scientifically called "Non-interference," and, disappointed, abused, persecuted, and impoverished, he shot himself in 1846. Truly, no prophet is honoured in his own country during his lifetime; but now the nation has erected a monument to the man who is the intellectual originator of Bismarck's protective policy and of his railway policy.

List's *magnum opus*, "The National System of Political Economy," appeared only in 1840; but already in 1833, two years before the miniature railway from Nuremberg to Fürth was opened, that far-seeing man wrote, "On a Saxon Railway System as the basis of a German Railway System," and in 1838, the year when Prussia built her first railway, he published "The National Transport System." Evidently, List was greatly in advance of his time. Although his strenuous recommendations to organise railway transport and to develop industries in Germany on a national basis with the assistance of the State were little heeded by the doctrinaire politicians of his time, List had at least the satisfaction that, owing to his agitation, the Saxon Government assisted the building of the first Saxon railway from Leipzig to Dresden, which had the respectable length of

almost seventy miles, by a strange expedient. It allowed the railway to issue 500,000 thalers, or about £75,000, in bank-notes.

Railways were to Germany a British invention, and Germany imported with the invention not only British railway materials, locomotives, &c., but also the British idea that the State must by no means interfere with industrial freedom or engage in business pursuits of any kind. Guided by the axioms which were suggested to British professors of political economy by the late Mr. Cobden and his satellites, Brunswick, which in 1838 built the first State railway in Germany, the line Brunswick-Wolfenbüttel, sold that line in 1869 to a private company, from which it was purchased by the Prussian State in 1880.

The railway systems of Great Britain and of Germany are fundamentally different. Whilst in this country all the railways are private companies and are privately managed and directed, with hardly any supervision on the part of the State, more than nine-tenths of the German railways are owned, managed, and directed by the various German Governments. Out of a total extent of 51,964 kilometres (the figures are those for 1902), 47,228 kilometres are State railways and only 4736 kilometres, or almost exactly one-eleventh of the total mileage, are private railways. In Germany, as in this country, the railway interest, the majority of the professors of political economy, the Liberal party, and a large proportion of the responsible officials were in favour of unrestricted private ownership, and to them Great Britain served as an ideal and a model. Hence it is worth while to take note of the weighty considerations which caused the German States to buy, at a gigantic figure and at more than their then market value, practically the

whole of the country's railways and to incur the enormous and onerous responsibilities of managing and extending them.

Up to the seventies the German States had not pursued a settled and well-planned railway policy, but had acted in accordance with the requirements of the moment. When private enterprise came forward, railways were built by limited companies; but in cases when important strategical or commercial railway lines were not undertaken by private builders, the government either assisted private companies or built the lines itself. In consequence of the different policies which had been followed in the different German States as regards railways, the organisation of Railway Germany was as confused as was the organisation of Political Germany. Consequently there was muddle, disorder, wastefulness, sloth, and injustice in matters of transport. Side by side existed independent private companies on the model of the English railways, private companies over which the State had some control, and railways which were run and completely controlled by the State. Freights were dear, rates were uncertain, railway business was exceedingly complicated and involved, and in many instances railway charges were fixed on the principle, "Charge what the traffic will bear." Where there was competition, freights were cheap; where there was no competition, the unfortunate people had to suffer at the hands of the railway tyrant, who demanded the uttermost farthing; where there were wars, or competition, between railway companies, direct travel and the speedy despatch of goods were often impeded by the trickery of the contending railways. Owing to the arbitrariness and the exactions of the railways, and the uncertainty of the constantly fluctuating

rates, which were capriciously fixed, business suffered as severely in Germany in the seventies as it does at present in Great Britain.

The year 1879 is a memorable one for Germany, inasmuch as it witnessed both the birth of Protection and the rise of the magnificent system of the German State Railways. Already in 1876 Bismarck had tried to initiate both these measures for developing the foreign trade of the country and for regulating its railway traffic. In the same year in which Prince Bismarck penned the sentence "*Nothing but reprisals*[1] against their products will avail against those States which increase their duties to the harm of German exports," and took steps to introduce a protective tariff against unfair or overpowerful foreign competition, he also tried to protect the German producer against the exactions of the German railway companies by proposing to transfer the railways of Germany from the hands of private owners and of the individual States to the hands of the German Empire. However, in 1876 both attempts failed. Germany was not yet ripe for Protection, and several of the minor States of Germany were naturally enough unwilling to hand over their railways to the Empire. When recommending the transfer of the railways of Germany to the Imperial Government, Bismarck said on the 26th of April 1876 :—

". . . Germany is divided into sixty-three railway provinces, or rather territories, which are endowed with all territorial and feudal rights and privileges, including the right of making war; and the railway boards avail themselves of these privileges, and even make war against one another, which cost much money, for the sake of power and as a kind of sport.

[1] The italics are in the German original.

"After my opinion, the railways are intended rather to serve the requirements of trade than to earn a profit for their owners. The profits which the individual States derive from the railways owned by them, or which are distributed to shareholders in the shape of dividends in the case of private companies, are rightly considered a national taxation which the State would be entitled to impose, but which is paid not to the State but to the shareholders in private concerns. It should be our aim to see that that taxation is not oppressive, but that it stands in due relation to the requirements and the means of the railway users, that it is financially just. . . ."

On the 1st of January Bismarck issued the following interesting opinion as to the right of the State to withdraw the privileges which it had previously granted to the private railway companies. In regard to this question, Bismarck wrote :—

"Railways were meant to be, and are, instruments for conveying the national traffic, and they were given their far-reaching privileges and they were constructed in order to serve the public and general interest. Therefore their character as profit-earning instruments may be taken into consideration only in so far as that character is compatible with the general welfare, which has to be considered first and foremost. Hence the right of constructing and exploiting railways can be considered only as temporary, and their eventual purchase by the Government is a matter of course."

In the same year Bismarck issued an interesting document in which he summed up the evils caused by the private ownership of railways, as follows :—

1. Unnecessarily high working expenses and correspondingly high charges in consequence of the multi-

plicity of railway boards, managers, offices, and the unnecessary duplication of lines, stations, material, rolling stock, &c.

2. Chaos of freight charges, there being 1400 different tariffs which are constantly changing, which are unclear, and which make trade an uncertain and speculative venture.

3. Because direct travel of passengers and goods over the whole railway system of the country is often impeded with the object of harming competing railway systems, and consequently much damage is done to trade and industry.

The steps which Bismarck took in 1876 in order to introduce Protection and to bring the German railways under the direct and absolute control of the Imperial Government were somewhat half-hearted, and they were probably meant to be merely preparatory; but in 1879 Bismarck opened his campaign in favour of Protection and for the acquisition of the Prussian railways by the Prussian State in real earnest and with his usual skill and energy. But his was not an easy fight. It was a very difficult matter to make these two enormous measures acceptable to the Governments of the individual States and to a majority in the German Parliament, but his powerful arguments proved convincing both to the high officials of the allied States and to the elected representatives of the people. Therefore it is worth while to take note of Bismarck's principal arguments in favour of his anti-individualistic policy; for in that year Germany broke for good with British traditions, refused to follow any longer the example of England, and resolved to seek salvation in an economic policy which was diametrically opposed to that which had been pursued by this country, and which was extolled to the skies

by the German professors and the German Liberal Party.

Bismarck opened his railway campaign by writing on the 3rd of January the following letter to Messrs. Hofmann, Friedenthal, and Maybach, who were the Prussian Ministers for trade, home affairs, and railways :—

"I intend to raise the question whether it be not necessary to regulate the railway tariffs by imperial law. . . . The fact that such far-reaching public interests as the transport business of railways is left to private companies and to individual railway boards which are free from any supervision by the State, and the fact that these companies are entitled to make their own interest their sole guide, finds no analogy in the economic history of modern times except in the way in which formerly a country's finances were farmed out to certain individuals. In view of this fact, I intend, after due investigation, to bring forward the question whether it is not possible to introduce, by means of imperial legislation, a uniform tariff on all the railways of Germany."

After having thus prepared his colleagues, he addressed a very long letter to the German States, represented by the German Federal Council, of which the following abstract gives the chief points of interest to the English reader :—

The regulation of freights on railways, which are public roads, is of far-reaching importance for the economic interests of the nation, and nobody must be damaged or be artificially limited in their use. The Government will no longer be able to abstain from promoting the public interest by creating those conditions which are necessary for the requirements of our national industries. The railways are public roads

for traffic, but can be used only by one corporation. By granting to these corporations certain privileges, such as that of expropriation, of police and of raising capital, the State has ceded to the railways part of its power. This part of its power was ceded to the railways not in the interest of the proprietors of the railways, but in that of the general public. Therefore it follows that the management of a railway cannot be left entirely to the discretion of the railway companies themselves. Their management must be regulated in accordance with the requirements of the public and with an eye to the public welfare.

Therefore it follows that railway charges must not be fixed solely in order to obtain the largest possible profit. The State must not only consider the interest of the shareholders in determining railway freights, but it has also to see that the well-being of the population as a whole is fostered and promoted, and that thus the vitality of the nation will be strengthened.

At any rate it means a damage to the interest of the community if a railway corporation takes no notice of these larger considerations. Hence the arguments which can be raised against the system of private railways as such are strengthened. Railways must not be allowed, by arbitrarily fixed tariffs, to develop industries in certain parts and to destroy other industries in other parts of the country. Even the most far-seeing railway directors cannot realise the consequences which a policy of discriminating tariffs may have later on, although such a policy may prove beneficial in the immediate future, and several railway boards have already begun to understand that it is not their vocation to act the part of Providence, to alter the natural conditions of demand and

supply, and to dominate trade and industry, but that it is their duty to serve them.

Starting from these considerations, it is clear that railway tariffs should correspond with the requirements of production and consumption, and should not be subject to violent fluctuation. They should, therefore—

1. Be clear, and be drawn up in such a manner as to enable everybody to easily calculate the freight for goods sent.

2. They should secure to all citizens in all parts of the country equality of railway charges.

3. They should eliminate the disadvantages which at present weigh down the small producers.

4. They should secure the abolishment of unnecessary, and therefore wasteful, services, and insure the honesty of railway officials.

These requirements are not fulfilled by the present tariff system.

After describing in detail the vast number of different tariffs and the confusion and injustice resulting from them, as well as the impossibility for traders to make a clear business calculation of railway charges, Prince Bismarck continues :—

"Preferential tariffs are an injustice by the damage they do to those who are not preferentially treated, and the tendency of railways to differentiate not only locally but also to give cheaper freight to senders of large quantities may damage the national prosperity to a very great extent. In order to secure large masses of goods, railways will go down below their normal rates, and will even work without a profit, and will thus favour the foreign producer at the cost of our home industries.

"The railways which have received from the State the monopoly of public transportation have the duty

to treat all railway users alike; but differential tariffs of this kind destroy the equal rights which all citizens should enjoy. Through the changes effected by the tariffs, the economic interests of the country become dependent upon the railway companies, and our home industries, and the possibilities which they have for selling their products, are subjected to constant changes which cannot take place without inflicting great damage upon individual interests.

"Those who argue that competition among railways cheapens freights overlook the fact that railways recoup themselves for their loss on competitive traffic by charging proportionately higher rates on non-competitive traffic; and as railway competition brings cheap freights principally to the largest towns, railway competition leads to an unhealthy centralisation of trade and industry which economically and politically gives cause for concern.

"In order to avoid mutually ruinous competition, railways frequently combine and agree to direct the flow of traffic in certain fixed proportions over the various lines belonging to the combine. Hence goods are diverted from the shortest and most natural route and travel over artificially arranged roundabout routes, a proceeding which is opposed to the rational and economical despatch of goods, and which increases the costs of transport.

"These unnatural conditions would be abolished if the railways were obliged to charge standard rates and to send freight on normal routes, if unnecessary competition was abolished, and if the artificially diverted streams of traffic would again be brought back to their natural routes.

"The foregoing statement shows that an improvement can only be effected by insisting upon the prin-

ciple that the railways are meant for the service of the nation. In railway matters changes are taking place which have already been observed in the general development of nations. New economic factors have arisen, and have grown up without State interference, but soon the interest in these institutions has become so great and so general that their further direction can no longer safely be left to the egotism and arbitrariness of irresponsible individuals, but must be brought into harmony with the general interests of the country."

Addressing Parliament, Prince Bismarck said :—

". . . Did formerly anybody trouble whether the introduction of railways ruined the coaching industry and the innkeeper? The railway monopoly is to my mind far more unjust than was that of the coaching industry, for the railway monopoly actually means the farming out of a province to a railway company. This monopoly arose naturally when all other means of transport had been killed by the railways. Every one who had goods to send or to receive fell into the hands of the railways, and these acted in exactly the same manner as did the Fermiers Généraux who impoverished France before the Revolution, for they also were given a large part of the country, and were allowed to exploit it at their will. The object of the railways is to squeeze out of the country the largest possible dividends. This is an extraordinary abuse of the tax-paying and traffic-requiring community which favours those capitalists who were given the traffic monopoly that accrued to the railways. . . ."

Following the lead given by his great chief, the Minister of Railways, Maybach, declared on the 8th of November 1879, before Parliament:—

". . . As regards the tariff policy of railways, I am

of opinion that railway charges should be fixed in accordance with the requirements of the country; and if it be necessary to give the second place either to the national interest or to the railway interest, I am inclined to give the second place to the railway interest. The system of private railways has been imported from England, but it does not suit Prussia. Prussia requires State railways. It is our aim to take the railways out of the hands of speculators, and to make them truly national for the defence of the country and for the development of its prosperity."

Privately Bismarck remarked, in 1879, that it would be his ideal that all goods imported from abroad should be transported over the German railways at somewhat higher rates than those of home production; for he could not allow that the moderate fiscal Protection which he had introduced in 1879 should be neutralised by preferential freight rates given to the foreigner. As a matter-of-fact, he expected that the preferential tariffs given on the German railways for German industrial and agricultural products would be more effective in protecting the home industries, and increasing their strength and prosperity, than would be the moderate fiscal Protection which he had introduced.

When the foregoing weighty arguments had prepared the ground, a Bill for taking over the railways possessed by private companies was brought out on the 29th of October 1879, and the Mémoire accompanying it laid down the following general principles, which may, in time, be adopted by the whole world, including individualistic Great Britain and the United States, unless indeed railways should be superseded by some superior means of transport and locomotion:—

"Among the various forms in which railways have been developed in civilised countries, the system of State railways pure and simple is the only one which is able to fulfil in the most satisfactory manner all the tasks of a national railway policy, by creating uniformity throughout the country and equality for all, and by promoting equally the welfare of all interested in railways. Only in the case of State railways is it possible to utilise to the full and in the most thorough manner the enormous capital invested in railways; only in the case of State railways is it possible to give direct and effective protection to the public interest which is the Government's duty; lastly only in the case of State railways is it possible to establish a simple, cheap, and rational railway tariff, to effectually suppress harmful differentiation, and to create a just, diligent, and able administration which is solely guided by considerations of the general good. Therefore the State railway system must be considered as the final development in the evolution of the railway system."

Most people think that Bismarck's greatest work was political; but although the elevation of Prussia and the unification of Germany were marvellous achievements, they were, after all, only of a circumscribed importance, and were devoid of originality in their essential points. But, in his economic policy, he left altogether the traditional course which statesmen had followed hitherto. With marvellous boldness he broke with the doctrines of Free Trade, non-Interference, and Individualism, which were almost universally accepted in his time; deliberately returned to the economic policy of Oliver Cromwell and Colbert; and revived, or rather re-created, the mercantile system, to the horror of all professors of political

economy. It may sound incredible, but it is nevertheless true, that the world is gradually going back to the Mercantile system, owing to Bismarck's economic reform of 1879, notwithstanding the fact that the professors of political economy have not yet discovered this curious but most important phenomenon. Otherwise, they would study that much calumniated and much maligned system, under which the political and mercantile greatness of England was built up, instead of continuing to spin out unprofitable theories.

According to the economic theories which still enjoy the greatest prestige in this country, State interference in economics is sheer heresy, and a sure road to national ruin, and the text-books prove that a State or municipal corporation is, *per se*, not fit to engage in industrial pursuits. However, it does not necessarily follow that all governmental and municipal enterprise in matters economic is found to be a failure, because our Government departments and municipalities which engage in industrial pursuits are usually red-tape bound, amateurish, ignorant of business, wasteful, improvident, and incapable. If we look carefully into the record of the German State Railways, and see what they have done for Germany's trade, industries, and finance, and for the people at large, and then look into the records of our own private railways, in which individual initiative has had almost unlimited scope, we shall see an astonishing difference, which appears not to be in favour of our own railways, as the following will prove.

Immediately after 1879, Prussia rapidly bought up all the more important lines, and within a few years the State more than trebled its railway property, as is apparent from the ensuing table.

MILEAGE OF RAILWAYS OF PRUSSIA

	State Railways	*Private Railways*	*Total*
1879 . .	6,323.6 kils.	13,650.1 kils.	19,973.7 kils.
1880 . .	11,455.3 „	8,893.1 „	20,348.4 „
1881 . .	11,584.6 „	9,159.2 „	20,743.8 „
1882 . .	14,825.6 „	6,329.8 „	21,155.4 „
1883 . .	15,301.1 „	6,604.2 „	21,905.3 „
1884 . .	19,766.9 „	3,002.6 „	22,769.5 „
1885 . .	21,138.4 „	2,496.6 „	23,635.0 „

From the foregoing figures we see that the State turned in five years from a small railway manager and owner to a railway monopolist. As a rule, the State as a monopolist is unprogressive and unenterprising—*vide* our own Post-Office. But the Prussian Government did not go to sleep once it had acquired the railways. On the contrary, it extended them most energetically, as the following figures prove :—

MILEAGE OF PRUSSIAN STATE RAILWAYS

1886–87	21,746.1 kils.
1891–92	25,206.3 „
1896–97	27,691.1 „
1902	31,341.8 „

If we now compare the growth of all the German railways since 1886, when the State possessed, practically, the railway monopoly, with the growth of the British railways during the same time, we arrive at the following remarkable results :—

	German Railways	*British Railways*
1880 . . .	33,411 kilometres	17,933 miles
1902 . . .	51,964 „	22,152 „
Increase	18,553 kilometres	Increase 4,219 miles
„	55.5 per cent.	„ 23.6 per cent.

These figures show that the German railways have, under State ownership, grown more than twice more quickly than have those of Great Britain under private ownership. It might, of course, be objected that in densely populated Great Britain there was no more room for the extension of railways. But that argument should be used with caution, for we find that Germany has now about six thousand miles more railways than has Great Britain, and, according to the German statistics, there are now 9.5 kilometres of railway per ten thousand inhabitants in Germany, whilst there are only 8.6 kilometres of railway per ten thousand inhabitants in this country. Measured in proportion to the population, the railway net of Germany is now 10 per cent. denser than that of Great Britain.

This country possesses also no longer the densest railway net in proportion to its size, as it did during the time when Great Britain was the first industrial country, as the following figures prove. They are taken from the *Archiv für Eisenbahnwesen*, a publication which is issued by the Prussian Ministry for Public Works (Railways), and which can be relied upon for accuracy. According to this periodical, the railways of almost purely industrial Great Britain compare[1] as follows with the railways of Belgium and of the industrial States of Germany:—

Belgium . . .	22.5	kils.	of railway per	100 sq. kils.
Saxony . . .	19.6	„	„	„
Baden . . .	13.8	„	„	„
Alsace-Lorraine .	13.0	„	„	„
Great Britain .	11.3	„	„	„

[1] A comparison of Great Britain with Belgium, Saxony, Baden, and Alsace-Lorraine may appear at first sight unfair, because of the sterile highlands of Scotland and the bogs of Ireland. But the proportion of waste land in Great Britain is almost exactly the same as that of forests in those countries.

The activity and progressiveness of a railway system is apparent not only in its length and extension, but also in its equipment. The magnificent palatial railway stations of Germany, which form such a strange contrast with the mean, dirty, and cramped railway stations of this country, are well known. But it is not so well known how rapidly the rolling-stock on these lines has increased since the year when almost the whole of them were brought into the possession of the State. Therefore the following figures may be of interest :—

	Locomotives	*Passenger Cars*	*Freight and Luggage Cars*
1879 . . .	7,152	10,828	148,491
1884–5 . . .	8,367	13,063	174,157
1889–90 . . .	9,425	15,177	194,705
1894–5 . . .	10,991	18,391	231,266
1900–1 . . .	13,267	24,225	303,364

During the twenty years following the creation of the State railways, the rolling-stock of the country has been more than doubled. Improved material has been introduced everywhere; travelling has become infinitely more safe, more comfortable, and more rapid on the State railways than it ever was on the old private lines, and owing to the introduction of more powerful engines, larger freight cars, &c., haulage has become far more economical and efficient. Goods trains in Germany convey, as a rule, more than twice the weight which they carry in this country; but an exact comparison cannot be made, because our railways do not publish ton-mile statistics, which would glaringly show up their inefficiency. Whilst the most common truck in Great Britain holds about eight tons, that

In Belgium 17.7 per cent. of the whole territory is covered with forests, in Saxony 25.8 per cent., in Baden 37.7 per cent., and in Alsace-Lorraine 30.3 per cent. Besides Belgium, Saxony, Baden, and Alsace-Lorraine are on an average more mountainous than is Great Britain.

mostly used in Germany carries fifteen tons. Therefore the German goods trains haul a smaller deadweight, and are therefore much more economical than are English toy trains pulled by toy engines, and composed of insufficiently loaded toy trucks.

How marvellously the freight and passenger business on the German railways has expanded since they came into the possession of the State may be seen from the following statistics, which show that, whilst the mileage of the railways has grown within twenty years by one quarter, and whilst the rolling-stock has been doubled, passenger and freight traffics have more than trebled:—

	Passenger, Kilometres	*Ton, Kilometres*
1879 . . .	3,797,172,000	8,644,625,000
1884–5 . .	5,083,700,000	12,414,712,000
1889–1890 .	6,903,526,000	16,142,648,000
1894–5 . .	8,763,723,000	18,162,727,000
1900 . . .	14,310,204,000	27,434,536,000

Although the wages of the German railway servants have considerably risen all round, and although, at the same time, freight and passenger charges have been lowered all round, as will be seen in the course of this chapter, the financial result of the State railways has become more satisfactory from year to year, largely owing to good management. The following have been the profits earned on the total capital of all the railways of Prussia:—

1869	6.5	per cent.
1874	4.4	,,
1879	4.9	,,
1884–5	4.9	,,
1889–90	6.2	,,
1894–5	5.6	,,
1900	7.0	,,

Under private management the railway profits were stagnant, or rather retrogressive, but they became rapidly progressive after the railways had in 1879 been taken over by the State. A profit of 7 per cent. on the whole railway capital is a result of which an English railway director might perhaps dream, but would not think, for the net receipts of all the British railways have fluctuated for so many years between 3 and 4 per cent. that 4 per cent. appears now an ideally high return on the total British railway capital. As Prussia borrowed the money with which she bought the railways by means of loans, returning about 3½ per cent., the State makes every year on its railways an immense profit, which flows into its exchequer. Prussia has a State debt of £351,335,500, and the net earnings of the State railways for 1903 not only sufficed for making the necessary provisions for the interest on the whole of the National Debt, and for its redemption, but left over and above that sum a clear balance to the State of £10,195,500, which went to the relief of taxation.

The railway-using public, in the whole world, desires chiefly that the conveyance of passengers and goods should be quick, convenient, punctual, equitable, and cheap. These five requirements are well fulfilled by the German State railways. Although a few show trains on British lines are still faster than are the show trains on German lines, the average speed of passenger trains is, according to a high German authority, considerably greater in Germany than it is in Great Britain. The German lines are no doubt more convenient than our own lines, owing to the unity and uniformity of their traffic arrangements, trains, time-tables, &c. Tickets issued from one town to another are, as a rule, available on the different

lines connecting the two towns, and if a traveller should choose another way, he will not be told "Your ticket is not available on this line," for the German railways are, for all practical purposes, one line.

In Great Britain it requires years of travel and of careful observation to learn one's way across the country, and its numerous lines, and to avoid the many pitfalls which are everywhere placed in the way of the inexperienced traveller. In Germany, such pitfalls do not exist, and the greatest simpleton will travel as cheaply, as comfortably, and as rapidly all over the country as will the most cunning commercial traveller. On many British lines, and especially on those south of London, trains appear to be late on principle. In Germany, railway trains arrive, in nineteen times out of twenty, to the minute, because the Government punishes severely those who are responsible for delay.

On British railways people are not equitably and not equally treated. Those individuals who can "influence freight," such as buyers for wholesale firms, &c., are often able to extort free tickets and even free passes over certain railways, and the amount of freight charged is largely a matter of negotiation and of influence. The British merchant cannot tell beforehand what the freight will come to unless he inquires previously at the railway. The British railways charge on freight "what the traffic will bear"—that is to say, they put on the screw till the victim shrieks or goes bankrupt. Our railways are, no doubt, to a great extent guilty of the ruin of our agriculture and the decay of our manufactures and industries, owing to the freight policy which they pursue. A reliable guide to the freight charges does not exist in this country, and it could not be compiled, for the

freight charges per mile, for the identical goods and even on the same line, vary in almost every town. Therefore a complete freight tariff for Great Britain would probably be bulkier than the "Encyclopædia Britannica." Besides, freights fluctuate constantly. Consequently, the British trader who has to send goods by railway works in absolute uncertainty, and when he sends his goods, carriage forward, the chance is that the railway company levies an extortionate toll at the other end, and the trader loses his customer. This is particularly often the case when goods are sent abroad, for the foreign customer believes himself to be swindled when seeing the high railway charge, or he feels at least aggrieved, and feels inclined to give his business to a German exporter, whose freight charge is moderate and not a matter of speculation.

In practice the British railways squeeze out their charges on a system, but it is an atrocious system, which nobody, railway managers included, knows or can understand. The nearest analogy to the "system" on which railway charges are made in Great Britain may be found in the system of Likin charges which are imposed in China by the local mandarins on goods passing through territory under their jurisdiction. Likin also is levied on the mediæval principle "Charge what the traffic will bear." The British Government has pressed energetically and repeatedly for a uniform Likin charge on transit throughout China. It has represented to the Chinese Government that the advantages of such an enlightened measure would be enormous for the whole country. But the same British Government has not yet tried to enforce a uniform railway freight tariff in Great Britain. As regards China, votes need not be considered, whilst the British railway interest, unfortunately for the

country, sends some sixty directors into Parliament. Therefore, the *Railway News* wrote, after the last General Election, on the 20th October 1900, of the sixty-six railway directors and five railway contractors, who were returned, that "these might be expected to support proposals beneficial and to oppose those detrimental to railway enterprise." This result is, no doubt, very satisfactory from the railway point of view; but it is, unfortunately, deplorable from the national point of view. This is one of the reasons why, in this country, trade and industries are subservient and in vassalage to the railways, and why agriculture is groaning under railway tyranny, whilst in Germany the railways have to be subservient to the productive interests of the nation.

The German State railways have largely contributed to the prosperity of the German industries, the British railways have largely contributed to the decay of the British industries. In Germany trade policy is made by the trade; in Great Britain it is made by the railways, which, without consulting the trade, prescribes its course, stimulating it here and stifling it there. But the greatest injustice under which the British producer suffers is that the British railways are allowed to convey foreign produce more cheaply than they carry British produce, whereby they directly subsidise the foreigner to the harm of the native producer. They purposely support foreign industries on the broad principle, "On British produce we charge what we can, on foreign produce what we may; British produce has to come to us, foreign produce has to be attracted." Unfortunately, redress for those who are injured by this nefarious policy is very difficult, very costly, and almost impossible, in view of the secrecy of railway charges.

In Germany such outrageous conduct would be impossible, even on the part of the few private railways still existing.

The German freight tariff is of beautiful simplicity. The freight charges are uniform throughout the country, and are fixed at an invariable amount per ton per mile. There are only a few classes of goods, and every trader possesses a little book by means of which the office-boy can calculate in a moment the exact amount of the freight charges for any weight between any two stations. Freight charges in Germany are as uniform, as generally known, and as simple as are our own postal charges on letters, post-cards, and printed matter. Freight charges in Germany are not determined by negotiation, or by influence, and the goods of the foreigner which compete with German goods are not carried at a lower, but at a higher, rate than the native produce. But foreign raw material is carried cheaply, and thus Bismarck's ideal, which was mentioned in the foregoing, is fulfilled.

Whilst in this country the railways raise fares and freights at every opportunity, the fares and freight charges of the German State railways are steadily going down, as the following figures show:—

RECEIPTS OF THE GERMAN RAILWAYS (per ton, kilometre)

	Goods by fast train	*Goods by ordinary train*
	pfennigs	*pfennigs*
1893 . . .	24.47	3.79
1896 . . .	24.09	3.79
1899 . . .	21.75	3.57
1902 . . .	17.01	3.52

If we now look into the earnings of the German

railways on their passenger traffic, we find the following figures, which also show a decrease of charges :—

RECEIPTS OF THE GERMAN RAILWAYS (per passenger, kilometre)

	1st Class	2nd Class	3rd Class	4th Class
	pfennigs	*pfennigs*	*pfennigs*	*pfennigs*
1893 . . .	7.87	4.96	2.94	1.99
1896 . . .	7.94	4.71	2.76	1.98
1899 . . .	7.75	4.66	2.69	1.96
1902 . . .	7.33	4.48	2.67	1.89

In Great Britain the maximum charge for third class travelling is 1d. per mile, and a glance at any railway guide, such as the A, B, C Guide, will show that the British railways charge, in nine cases out of ten, the full maximum rate. In Germany, the lowest class is the fourth class, where the average charge is ⅜d. per mile, whilst the charge for third class is about ½d. per mile. It is also worth noting that in Germany, travelling first class is comparatively very much dearer than it is in England. On an average, it costs in that country about three times more to travel first class than third class, and about four times more than it costs to travel fourth class. But in Great Britain, travelling first class usually is only about twice dearer than it is to travel third class. In Germany, the poor man travels cheaply, whilst in England the rich man travels cheaply.

Unfortunately, the German statistics of passenger charges and freight charges per mile cannot be compared with similar British statistics, because comprehensive British statistics are not issued by the British railway companies, for reasons best known to themselves. The British railways publish neither these statistics, nor their freight charges, which are

of the greatest interest to the public, exactly as the Chinese mandarins are not so stupid as to publish their Likin charges in the seaports. They also do not care to frighten customers away by publishing their extortionate charges, and they dread, besides, exposure and impeachment in Pekin by the Board of Censors. More than twenty years ago, in 1884, Sir Henry Calcraft and Sir Robert Giffen, who were then assistant secretaries for the Railway and Statistical Departments, regretted that "It is impossible to show what is the receipt per ton per mile." And in 1886 Mr. J. S. Jeans read a paper on Railway Traffic before the Statistical Society, in which he said :—

"The average transport charges may be ascertained for every European country except our own, as regards both goods and passenger traffic. In Great Britain the railways, whether by accident or by design, have hitherto contrived to make it impossible for the public to discover the average charges for the transport of either the one or the other, for any one railway or for the country as a whole."

Since then the demand has frequently been raised by the public that the railways should publish their charges and their earnings per mile per ton, and per mile per passenger, &c. But although our railways have, through their various advocates in the press, written and argued a great deal, they continue to work in that congenial obscurity which they find, apparently, most conducive to the conduct of their business.

The German States pursue a truly national railway policy. Railways are built where they are wanted by the population or by the State, even if they do not pay; for the German State monopolist considers himself as the servant of the nation and as the trustee of its interests, and not the nation as the

milch-cow of the railway department. Hence, the German States have encouraged the building of canals in every way, and the tolls charged for their use are so low that the Government loses about a million pounds per annum on its canals. Again the German Government has in no way interfered with the building of electrical trams, whilst the railways in the classical country of Freedom and Non-interference have nefariously closed the canals and obstructed the building of electrical tramways, in order to deprive trade which wished to escape strangulation of an alternative outlet. For exactly the same reasons the Likin-imposing mandarins of China offer the most determined opposition to the building of railways, although they pretend that this opposition springs from the fear that the ashes of their ancestors might be disturbed.

The hostility of our railways to the canals is largely responsible for the fact that Germany has an excellent net of canals, whilst the canals of this country are beneath contempt, and that Germany had, in 1899, more than 2000 miles of electric tramways, whilst Great Britain had only about 500 miles. In the beginning of the railway era, Germany began to experiment in railways after they had been established ten years in this country. Now the position has been reversed. Great Britain began to experiment with electrical traction ten years after it had been established in Germany, to the great amusement of German engineers. Incidentally, it might be mentioned that the first electrical locomotive was exhibited in Berlin as early as 1879, and that on the Government subsidised experimental railway, Berlin-Zossen, an electrical railway train achieved a speed of about 130 miles per hour.

Although the British railways are no longer leading in enterprise, they are in another respect still absolutely paramount. With the same energy and perseverance with which Germany has increased and improved her railways, the British railways have piled up indebtedness in their capital account. Therefore they are, as regards so-called capital cost, the foremost in the world, as the following figures show, which are taken from the *Archiv für Eisenbahnwesen*.

CAPITAL COST OF RAILWAYS (end of 1902)

1. Great Britain	Marks	670,014	per kilometre
2. Belgium	„	391,926	„
3. France	„	314,662	„
4. Italy	„	281,738	„
5. Austria	„	279,908	„
6. Switzerland	„	266,313	„
7. Germany	„	258,808	„
8. Hungary	„	245,557	„
9. Holland	„	215,614	„
10. Russia	„	194,535	„

If we compare the capital of the German and the British railways, we find that the British railway capital per mile is about two-and-a-half times larger than is the German railway capital. Consequently, if efficiency and expenses be equally great on German and on British railways, our railways must earn two-and-a-half times more on their traffic than do the German railways, in order to pay the same dividend on their capital. The inflated capital of the British railways hangs like a millstone round their necks, and here we have one of the chief reasons why fares and freights are high in this country and low in Germany, and why railway profits are large in Germany and small in Great Britain.

British railway capital was not always as un-

wieldy as it is now, but has gradually become so, as the following figures prove :—

CAPITAL OF BRITISH RAILWAYS

	Miles of Railway Open	*Total Capital*	*Capital per Mile*
1861 . . .	10,865	£362,327,000	£33,335
1871 . . .	15,367	552,680,000	35,944
1881 . . .	18,175	745,528,000	41,019
1891 . . .	20,191	919,425,000	45,542
1901 . . .	22,078	1,195,564,000	54,152

The British railways have been, and are still, piling up capital indebtedness merrily until the day of reckoning, which assuredly will come, and then lost capital may have to be written off by hundreds of millions. No doubt a large part of this colossal sum of now about £60,000 per mile has been spent properly, but perhaps an equally large part represents promoter's plunder, water, and, before all, "improvements." Our railways make it a rule when effecting necessary renewals, repairs, improvements, &c., to charge these whenever possible to capital account, and thus increase their indebtedness, instead of paying for these out of current earnings. In other words, they declare their property improved in value by the amounts spent on necessary repairs, renewals, and improvements. On the same principle, a man might claim that his boots are worth sixty shillings because he originally paid thirty shillings for them, and paid since then another thirty shillings on repairs. Unfortunately, there are some political economists and politicians in this country who consider it a matter of congratulation that the railways owe more than £1,200,000,000 to the public, although they are worth, probably, only half that sum, especially as nothing lasts for ever, even British railways. Mail coaches

have been superseded by railways, and railways may be superseded by some other form of locomotion and transport.

The German State railways have pursued a more conservative financial policy than our own railways, especially since they came under State control, as the following table clearly shows. When they were in private hands, they also increased their capital year by year, though their financial excesses were comparatively small.

CAPITAL OF GERMAN RAILWAYS

1871 . . .	Marks	220,300	per kilometre
1873 . . .	„	242,300	„
1875 . . .	„	249,200	„
1877–8 . .	„	265,000	„
1882–3 . .	„	265,400	„
1887–8 . .	„	255,100	„
1892–3 . .	„	253,200	„
1902 . . .	„	258,800	„

Up to 1878 the German railway capital per kilometre increased from year to year, but since 1877–78, it has actually decreased, notwithstanding the enormous extensions and far-reaching improvements which have been effected since then. During the same period, when the capital of the German railways per kilometre has slightly decreased, the capital of the British railways has been increased by about £20,000 per mile, or by an amount similar to the total cost of the German railways. Comment on these figures seems superfluous. The British railways claim that their capital per mile has so enormously been increased during the last twenty years on account of the vast improvements and extensions which they have effected; but similar improvements and

extensions have been made by the German State railways, but they have chiefly been paid for out of earnings. The German railways were anxious to keep their capital within reasonable bounds, and not to put on their railway property a fictitious, inflated value, especially in view of the possibility that railways may become superseded or may become unremunerative.

The British railways were heavily handicapped from the beginning by the extortions of the landowner, the promoter, and the lawyer. The German railways also suffered at the promoter's hands, but they got their ground cheaply. Of the Prussian railway capital only 9.87 per cent. was spent on account of land. Hence, land accounts on an average for a capital outlay of only about £2000 per mile on the German railways, whilst the British railways bought land at fancy prices. The law expenses also were low in Germany, whilst they were extortionate in this country. The law costs in respect of the London, Brighton, and South Coast Railway are said to have come to £4806 per mile, and those of the Manchester-Birmingham Railway to £5190 per mile. Apparently, it has often cost British railways much more money to acquire their title than it has cost German railways to acquire their land. These are some of the disadvantages of unrestrained individualism, which is favoured by the policy of *laissez-faire*. *Laissez-faire* means, unfortunately, only too often, *laissez-méfaire*.

The foregoing facts and figures clearly prove the wisdom of Bismarck's policy and the immense superiority of the German State-owned railways over the British private railways. But it would be rash to conclude from the marvellous success of Bismarck's

gigantic experiment in State Socialism that State railways would prove a blessing to this country as well. Germany has in its officials a splendid instrument for administration, and in that country bureaucracy works on business lines, especially with regard to railways, the post-office, telegraph, and telephones. A similarly efficient instrument of administration, unhappily, does not exist in this country, where the art of administration has as yet hardly been discovered, and where administrative organisation is rudimentary and centuries behind the times.

A British Government department consists of a host of irresponsible officials, without authority, directed by a nominally responsible amateur, without experience. And this responsible ignoramus is given the highest post in the administration, not because of his proved ability or latent talent as an administrator, but either because of his skill as a debater or because of his social influence and wealth. That bureaucratic irresponsibility presided over by well-meaning, responsible ignorance, does not make for administrative efficiency, can hardly be wondered at. For these reasons, our Government departments will continue inefficient, improvident, unbusinesslike, and wasteful in all matters of administration, until the whole administrative machinery of the country is put on a totally different basis. For these reasons State purchase of the British railways is out of the question, for they would, no doubt, be worse managed by the State than they are by the companies.

What the State can do, and what the State ought to do, is far simpler and far easier to effect than taking over and managing our railways. The State should, in the first place, restrict further capital issues for improvements, renewals, and repairs on the part of

the railway companies. Then, it should insist on a clear tariff for the conveyance of goods and passengers, based on uniform charges per mile throughout the country, and should make discrimination in freight rates by any means whatsoever an offence punishable with so enormous a fine (say, £1000 in each case), of which one half should go to the informant, that preferential treatment meted out to a favoured few or to the foreigner would be extinguished for all time. Tickets on different lines should be made interchangeable. The publication of the statistical and other information, which can be obtained from the railways of all civilised countries excepting Great Britain, should be made compulsory. Lastly, a Government department should be created for the supreme control of all traffic by rail, canal, and sea, and legal arrangements should be made in order to facilitate and to cheapen the prosecution of railway companies by aggrieved railway users. At present, it is almost impossible to hold a railway company liable for the damage which they do in forwarding goods, &c.

Such a policy should be immensely popular with the whole nation, including railway stockholders, for they also are railway users. Besides, with fair rates and no favour, the prosperity of our declining industries should rapidly return, and the industrial revival which may be expected should more than recoup the railway companies for any temporary loss which may arise to them when they are compelled to abandon their present unfair and anti-national policy. Nevertheless, they will raise an outcry, protest against coercion, and will speak of their rights; but then they will have to be told that an intolerable wrong, which has gradually grown up, and which has been borne for a long time, does not become a right, that

the railways exist for the benefit of the country, and not the country for the benefit of the railways.

However, the State should not only restrain and punish, but also encourage and assist, the railway companies, and it can do so at small expense. If there was a compact permanent commission, composed of practical business men and engineers, presided over by a junior statesman, enormous savings might be effected on our wasteful railways by the suggestions and mediation of such a body. British railways can, in view of their bloated capital, find salvation only in combination and economy. If a combined effort was made by the British railways and real, not apparent, unity of purpose was secured among them by means of a connecting and impartial central body, a huge number of duplicate stations, receiving offices, warehouses, bureaus, &c., might be abandoned, a vast number of competitive trains might be dropped, technical improvements could be introduced more easily, the science of economic transport could be better developed, and purchases could more cheaply be effected by "The United Railways of Great Britain" than by individual companies. Lastly, improvements and inventions, &c., made by one road might be made to benefit all the rest, and all the railways of Great Britain might be made to assist one another, whereas, now they only hamper one another and damage one another, though outwardly they appear to be on good terms.

During the last few decades, British statesmen have frequently uttered beautiful sentiments with regard to our railways and our industries, but they have done nothing practical, in order to open new outlets to our trade or to improve the old ones.

Three hundred years ago, Lord Bacon wrote:

"There are three things which make a nation great and prosperous: a fertile soil, busy workshops, and easy conveyance for men and commodities from one place to another." Great Britain possesses, perhaps, the most fertile soil in Northern Europe, yet her agriculture has decayed; she has the most industrious and the most energetic working men, yet our manufacturing industries are visibly declining. Unless the avenues of trade are again opened wide, neither our fertile soil, nor our willing population, nor our vast natural resources, nor our unique geographical position, nor our wealthy colonies, nor our accumulated wealth, nor our great industrial past will save us from poverty, misery, and decay. Statesmen must act—*gouverner c'est prévoir*. The policy of Non-interference is the policy of incapacity; individual but isolated effort is inefficient; what is wanted is combination and a Government which leads the nation.

Colbert, the father of the Mercantile System, has left a beautiful saying, which should be the watchword of the British statesman of all parties. "The most precious thing which a State possesses is the labour of its people." All parties should combine to protect the labour of the British people, and to promote actively the industrial welfare of the nation. The policy of Non-interference has had its day. Let us frankly recognise it, and let us not use the labour of the people as a pawn in the Party game, for the people live by their labour. Who restricts labour kills life, who creates labour makes a nation great and prosperous. That is the lesson of the German railways and of Bismarck's railway policy.

When, on the 24th of February 1881, Prince Bismarck was told by the leader of the Radical party that his economic policy was unsound, unscientific,

opposed to economic principles and traditions, the Prince did not quote political economists to support his policy, but retorted: "For me there has always been one single aim and one single principle by which I have been guided: *Salus publica.*" May that also be the guiding-star of all those politicians who have the economic regeneration of Great Britain honestly at heart.

CHAPTER XI

THE CHEMICAL INDUSTRIES

THE chemical industry is perhaps the youngest, but certainly the most vigorous and the most successful, industry of Germany. Whilst all other German industries have been fostered by the most scientific and the most skilfully-framed protective tariff which the world has known, and have marvellously developed, largely owing to that protective tariff, the German chemical industry has achieved its commanding and world-wide success practically without any fiscal aid. Consequently it is most interesting to follow the triumphant progress of this industry, to investigate the causes owing to which it has so wonderfully prospered, and to consider the economic consequences which the commanding position of the German chemical industry has for Germany and for other countries.

Every one knows nowadays that the German chemical industry has been extremely successful, but few people are aware that Germany has obtained almost the world-monopoly in some of the most important branches of chemical production. Many chemical preparations that are universally used are exclusively of German manufacture, and about four-fifths of the dyes consumed in the world are made in Germany.

How very important the chemical industry is to Germany may be seen from the fact that the yearly output of that industry amounted in 1897, according

to a most careful official investigation, to £47,895,000. At present the production of the German chemical industry should represent a value of about £60,000,000, whilst the export of all chemical products amounts to considerably more than £20,000,000 per annum. The chemical industry is therefore one of Germany's most important industries. It takes the fifth place among the great exporting industries of that country, and it supplies exactly 9 per cent. of the German exports.

The meteoric development of the German chemical industry during the last twenty-five years may be seen from the fact that the production of soda rose from 42,000 tons in 1878 to about 400,000 tons at the present time, whilst the production of sulphuric acid increased from 112,000 tons in 1878 to 857,000 tons in 1901. The foregoing figures may be considered representative of the progress of the German chemical industry. This enormous progress has not been effected spasmodically, but by a gradual, continuous, and natural, though rapid, growth of production for the home market and for export, as may be seen from the following table :—

IMPORTS INTO AND EXPORTS FROM GERMANY OF MANUFACTURED CHEMICAL PRODUCTS

	Imports	Exports	Excess of Exports over Imports
1889 . . .	£5,330,000	£11,335,000	£6,005,000
1890 . . .	5,595,000	12,155,000	6,560,000
1891 . . .	4,980,000	12,285,000	7,305,000
1892 . . .	5,485,000	12,745,000	7,260,000
1893 . . .	5,465,000	13,260,000	7,795,000
1894 . . .	5,345,000	13,440,000	8,095,000
1895 . . .	5,545,000	15,850,000	10,305,000
1896 . . .	5,760,000	16,220,000	10,460,000
1897 . . .	5,485,000	16,750,000	11,265,000
1898 . . .	5,230,000	16,960,000	11,730,000
1899 . . .	5,440,000	18,270,000	12,830,000
1900 . . .	5,650,000	18,620,000	12,970,000
1901 . . .	5,535,000	18,115,000	12,580,000
1902 . . .	5,560,000	19,300,000	13,840,000

If we look through the foregoing table, we find that during the last fourteen years the imports of chemical manufactures into Germany have remained stationary, whilst the exports of chemical manufactures from that country have almost doubled during that time. The excess of exports over imports has considerably more than doubled during the period under review. The manufactured chemicals imported consisted largely of exotic products, such as natural indigo, extract of meat, camphor, &c. A table showing the imports and exports of chemical raw products will be given later on.

In order to show the direction in which the German chemical industry has developed, so as to give a view of its scope and character, it is worth while to look at the exports of some of the more important chemical manufactures in detail.

EXPORTS OF PRINCIPAL CHEMICAL MANUFACTURES

	Antipyrin, Antifebrin, &c.	Alizarine	Aniline and other Dyes made from Coal Tar	Oil of Aniline
1895	£310,000	£580,000	£3,160,000	£340,000
1896	255,000	535,000	3,245,000	500,000
1897	215,000	620,000	3,350,000	575,000
1898	240,000	845,000	3,600,000	680,000
1899	235,000	565,000	3,745,000	585,000
1900	240,000	560,000	3,865,000	570,000
1901	315,000	810,000	3,980,000	600,000
1902	500,000	805,000	4,465,000	735,000

	Quinine, &c.	Cyanide of Potassium	Indigo
1895	£295,000	£180,000	£410,000
1896	295,000	80,000	320,000
1897	465,000	105,000	240,000
1898	330,000	195,000	380,000
1899	400,000	165,000	390,000
1900	415,000	130,000	465,000
1901	410,000	185,000	635,000
1902	420,000	275,000	925,000

In passing, it might be mentioned that Germany produces more than 20,000 tons of alizarine, and more than 40,000 tons of other dyes per annum, and that she has no competitors in the production of alizarine.

The chemical industry is for various reasons of national importance to Germany. Though it employs much unskilled labour, the industry is so prosperous that it pays very good wages considering the character of the work done. Hence strikes are of extremely rare occurrence in the prosperous chemical works. At present about 170,000 workmen and women are employed in that industry, and they receive in wages between nine and ten million pounds sterling per annum. The following table conveys a clear idea of the interest of German labour in the chemical industry :—

EMPLOYMENT AND WAGES IN CHEMICAL INDUSTRIES

	Hands employed	Total wages	Wages per head per annum
1882	71,777	?	?
1894	110,348	£4,981,000	£44.5
1895	114,587	5,173,000	44.14
1896	124,219	5,686,000	45.8
1897	129,827	6,045,000	46.2
1898	135,350	6,482,000	47.8
1899	143,119	6,978,000	48.15
1900	153,011	7,746,000	50.12
1901	156,488	7,996,000	51.2
1902	165,889	7,983,000	48.12

The constant growth of the German chemical industry has allowed not only of a yearly and considerable increase of the labour employed, but also of a yearly increase of the average wages. Only the acute depression of 1902 has caused a temporary set back in wages. Thus certain and satisfactory employment at, on the whole constantly, rising wages has been provided for a very large number of workers.

The national importance of the German chemical industry lies not only in the employment which it gives to the wage-earning masses engaged in it, but also in the great direct and indirect benefits which other industries derive from it. Chemical research is no longer confined to purely chemical ends in Germany, for the chemist has most successfully applied his science to agriculture and to the manufacturing industries, and many German industries owe their greatness to the assistance which they have received from trained chemists. The beneficial effect of chemical research applied to other industries is most clearly visible in German agriculture, and the result of the studies and experiments which the chemist has carried on in his laboratory is also universally applied in practice by the peasants and the landed proprietors. This may be seen from the fact that Germany produced only 9500 tons of manure salts in 1884, and in 1901 she produced no less than 147,169 tons of manure salts, and nearly the whole was consumed in the country. How rapidly and enormously the use of potash salts (K_2O) has increased in German agriculture may be seen from the following table, which will also show the use which other nations make of these salts :—

POTASH SALTS USED IN AGRICULTURE PER SQUARE KILOMETRE

	1895	1896	1897	1898	1899	1900	1901
	Kilogrammes						
Germany	171.0	214.8	254.8	273.9	306.0	334.4	391.9
United States	24.1	27.0	33.1	36.7	36.1	47.3	54.0
Belgium	136.0	126.6	133.6	146.9	159.0	170.3	297.7
Holland	125.3	146.1	201.7	248.1	296.8	350.3	461.9
England	—	—	46.2	56.5	58.6	58.7	61.5
Scotland	—	—	100.9	120.9	175.4	228.7	254.6
Sweden	145.0	163.9	196.8	218.8	197.5	234.9	266.6
Denmark	32.7	42.0	40.4	53.9	51.7	66.3	98.0

Germany produces on an average about 20,000,000 tons of beet sugar and molasses per annum, which represent a value of more than £20,000,000. The success of Germany's enormous sugar industry is directly due to the German chemist, without whom beet sugar would be unable to compete with cane sugar. Formerly the percentage of sugar which was extracted from the beet was so small that it could be produced only at a loss in free competition with cane sugar; but the German chemists have succeeded in increasing the percentage of sugar extracted from year to year to such an extent that beet sugar can now be obtained in formerly unthought-of proportions and at formerly unthought-of prices. The influence of the chemist on the German sugar industry is clearly traceable from the following figures :—

QUANTITY AND PERCENTAGE OF SUGAR EXTRACTED FROM BEET

1840–50 . . .	8,822 tons	5.72 per cent.
1846–50 . . .	35,709 „	7.22 „
1856–60 . . .	128,141 „	8.17 „
1866–70 . . .	210,915 „	8.30 „
1876–80 . . .	418,010 „	8.93 „
1886–90 . . .	1,110,703 „	12.73 „
1899 . . .	1,664,677 „	13.00 „
1900–01 . . .	1,970,000 „	18.86 „

The few figures given in the foregoing will make it clear that the great and increasing prosperity of German agriculture is not only due to the protective tariff and the protective effect of the freight policy pursued by the German railways, but also to the invaluable assistance which German chemists have given to the agriculturists.

Other industries have similarly benefited by the application of chemical science, and many prominent manufacturers, bankers, and landowners send their

sons to the Universities and technical High Schools to study chemistry, so that they should be able to avail themselves of the assistance of that science in practical life.

The enormous national importance of a prosperous chemical industry lies not only in the invaluable assistance which that industry can give to nearly all other industries, but also in the unthought-of resources which it will create almost out of nothing. A century ago Great Britain's wealthy sugar colonies were the envy of the world, and sugar-planters laughed at the idea of producing sugar from beet. To-day the West Indian sugar-planters are ruined, and Germany produces the "tropical product" on a scale never dreamt of. Since 1890 Germany produces artificial musk at Mulhouse, natural vanilla is being replaced by chemical vanilline, Japanese camphor by synthetic camphor, and chemically-produced sugar is being replaced by saccharine. The extraction of dyes from madder root and from various other plants has ceased, and vegetable dyes have given place to dyes made from tar. At present natural indigo is being crushed out of existence by the synthetic indigo produced by German chemists. How the rise of artificial indigo has affected the former indigo monopoly of India may be clearly seen from the following figures:—

	Acreage under Indigo in India	Value of Exports of Indigo Tens of Rupees
1894–5 . . .	1,705,977 acres	4,745,915
1895–6 . . .	1,569,869 „	5,354,511
1896–7 . . .	1,583,808 „	4,370,757
1897–8 . . .	1,366,513 „	3,057,402
1898–9 . . .	1,013,627 „	2,970,478
1899–1900 . . .	1,046,434 „	£1,795,007
1900–01 . . .	977,349 „	£1,423,987
1901–2 . . .	792,179 „	£1,234,837

INDIGO IMPORTED TO GREAT BRITAIN

1895	£1,392,534
1896	1,533,722
1897	1,470,574
1898	890,803
1899	986,090
1900	542,089
1901	788,820
1902	498,043

The facts and figures given make it clear that many a "natural monopoly" which is at present possessed by countries which control the tropics is threatened, and may be taken away from them by the discoveries of the chemists. There is no bound to the possibilities of chemistry, though prejudice always asserts for a time that the natural product is superior to the chemical one. Formerly it was said that cane sugar was superior to chemical sugar. Now it appears that there is practically no difference between the two. Thirty years ago dealers in madder root declared the existence of a method for making chemically alizarine dyes a fable. When the practicability of the method was proved to them they asserted that chemical alizarine was inferior in quality. Yet artificial alizarine has replaced the natural product. At present we are told by producers of natural indigo that the natural dye is superior to the artificial one, whilst chemists maintain that both are equally good. At any rate, the artificial product is by far the cheaper, and the fatal effect of its production on the natural dye is visible from the figures given in the foregoing table. So much is certain that the Badische Anilin und Soda Fabrik has the utmost confidence in the success of artificial indigo, as may be seen from the fact that this company has spent

no less than £900,000 in cash on a gigantic installation for supplying the world's requirements of indigo. The effect of the discovery of making artificial indigo on Germany may be seen from the following figures :—

	Imports of Indigo into Germany	Exports of Indigo from Germany
1895	£1,075,000	£410,000
1896	1,055,000	320,000
1897	635,000	240,000
1898	415,000	380,000
1899	415,000	390,000
1900	205,000	465,000
1901	215,000	635,000
1902	185,000	925,000
1903	90,000	1,035,000
1904	67,000	1,083,000

A few years ago Germany was dependent for the indigo she used on India, and imported on balance indigo of the value of £600,000 and more per annum. Now Germany has completely reversed the balance, and in 1904 she exported £1,016,000 more indigo than she imported. Thus the natural resources of a naturally wealthy country may be taken away from it without bloodshed by the able chemists of another country. The possession of a strong chemical industry is therefore of the utmost economic importance to all progressive countries. This importance was clearly recognised by Prince Bismarck, who remarked in 1894: "Peace is being maintained less owing to the peaceful disposition of all Governments than owing to the ability of chemists in inventing new kinds of powder. . . . It sounds almost like irony, but it is the truth that the chemist is keeping the swords in their scabbards, and that he decides by his inventions whether there will be peace or war."

We have seen the economic importance of the chemical industry, and we have followed its marvellous

developments on German soil. Now let us inquire as to the reasons why German chemistry has been so successful.

The commanding position of Germany's chemical industry is in no way due to nature's bounty, for Germany is by no means particularly fitted for developing a great chemical industry owing to the possession of the raw products required. On the contrary, she is largely dependent on foreign nations for the supply of chemical raw products, which she works up into chemical manufactures, as is conclusively proved by the following table :—

IMPORTS INTO AND EXPORTS FROM GERMANY OF CHEMICAL RAW PRODUCTS

	Imports	Exports	Excess of Imports over Exports
1889	£8,040,000	£1,620,000	£6,420,000
1890	7,495,000	1,625,000	5,870,000
1891	8,250,000	1,605,000	6,645,000
1892	7,825,000	1,555,000	6,270,000
1893	8,190,000	1,695,000	6,495,000
1894	8,230,000	1,790,000	6,440,000
1895	8,445,000	1,860,000	6,585,000
1896	8,450,000	1,815,000	6,635,000
1897	8,770,000	1,855,000	6,915,000
1898	8,830,000	1,930,000	6,900,000
1899	10,375,000	2,220,000	8,155,000
1900	10,920,000	2,260,000	8,660,000
1901	11,045,000	2,270,000	8,775,000
1902	10,585,000	2,220,000	8,365,000

These figures establish the fact that Germany imports five times more chemical raw products than she exports, and that the dependence of her chemical industry on foreign raw products is rapidly increasing. Therefore it is clear that Germany's success is not due to the fortuitous possession of the first matter.

The great success of Germany's chemical industry

may be traced to the simultaneous action of the following causes :—

1. The natural disposition and aptitude of the individual German for close, patient, persevering, and painstaking work and study.

2. The munificent and enlightened assistance and encouragement given by the German Governments to the study of chemistry in all its branches regardless of expense and regardless of immediate profitable returns.

3. The spirit of combination and the absence of jealousy among chemical scientists and manufacturers, whereby scientific co-operation on the largest scale has been made possible.

How these three factors have combined in making the German chemical industry great is known to all who are acquainted with that industry, for chemical talent of the highest order flourishes rather in France and Great Britain than in Germany. The German chemists owe their successes rather to methodical combination and united plodding than to the inventive genius of individuals, for many of the most important chemical inventions were made outside Germany, though they were most successfully exploited by the German industries.

In the beginning of the nineteenth century Great Britain and France were the leading nations in the chemical industries and in chemical research. The chemical production of aniline dyes was discovered in 1855 by Mr. W. H. Perkin. Notwithstanding the English discovery, nearly the whole of the aniline dyes used are made in Germany, and by the irony of fate they are largely made of English coal tar. A small export duty on coal tar would probably have the effect of transferring a large part of the chemical industry of Germany to these shores.

Evidently a great chemical inventor is of little practical use to a country unless his inventions can be utilised to the fullest extent by a large body of chemical manufacturers and chemists. Otherwise his great discoveries will only benefit that country where an apparatus exists for making use of them. At present Great Britain and France possess perhaps the foremost chemists. Yet the discoveries of these men will chiefly, and perhaps only, benefit the powerful German industries with which neither the French nor the British industries can compete on terms of equality.

The individual German has a great natural aptitude for patient sedentary work. At an age when English boys will romp or pursue various outdoor sports, German boys will be found poring over books and making fretwork. Owing to this disposition towards concentration and close application, Germans may be found in all countries as watchmakers, opticians, &c.

For these reasons a leaning towards chemistry had been prevalent in Germany already in the Dark Ages. Albertus Magnus, of Cologne, was the greatest chemist of the thirteenth century, and Theophrastus Bombastus von Hohenheim (better known under the name of Paracelsus) the greatest chemist of the sixteenth century. In the Middle Ages the capitals and university towns of the various German States were the favourite haunts of the alchemists, who spread the desire for chemical learning far and wide. Many of them were swindlers, but many were guided by the spirit of research, and not a few valuable discoveries were made by these men. Brandt, for instance, discovered phosphorus; Kunkel, ruby glass, &c.

The German apothecaries have never been, and are not now, *more Anglicano*, shopkeepers who sell

pills and patent medicines, and who vend the productions of "manufacturing chemists." Patent medicines hardly exist in Germany, and are on the whole forbidden on account of the great harm that is often done to the community by unscrupulous manufacturing quacks. For these reasons the German apothecaries had to be, and are now, manufacturing and analytical chemists on a small scale, and in their daily work they made many valuable discoveries. Besides, chemistry is with many German apothecaries a hobby which is pursued with love, and many boys become apothecaries merely because of their natural inclination towards patient investigation and research. Thus it has come to pass that many important chemical works have had their beginning in tiny apothecaries' laboratories, and many leading chemists were at one time apothecaries' assistants.

When Justus von Liebig, the greatest German chemist, was at school, the importance of chemistry was not yet understood. At the German Universities there existed neither adequate facilities for the study of chemistry, nor were there any public laboratories in existence. Liebig's greatest service to his country lay not so much in his fruitful investigations and numerous discoveries—which, by the way, chiefly benefited Great Britain and France, for these countries then possessed fully developed chemical industries—as in the organisation of chemical study and research on a broad national basis. Owing to his exertions the first University laboratory, that of Giessen, was created in 1825; and he strove less to advance chemical science by his personal research than to train a large number of pupils, in order to spread his methods far and wide. His example was faithfully copied by his numerous assistants, and many of the most prominent

German chemists living have been initiated into that science by the pupils of Liebig. Thus the spirit of Liebig is still active at the present day, and the seed which Liebig planted has brought forth the magnificent harvest that is now yearly garnered by the German chemical industry.

The German Governments were won over to the cause of chemistry by Liebig's agitation and by his numerous popular writings. Therefore assistance came speedily forward from all quarters of Germany. The laboratory of the University of Marburg was opened in 1840, that of the University of Leipzig in 1843, and from that time onward laboratory followed laboratory, and the various German Governments spent money without stint for the advancement of chemistry. They did not listen to the doctrines of *laissez-faire*, which were much in vogue in Germany in the forties. They neither waited for individual enterprise and private munificence to come forward, nor did they inquire too closely whether an immediate profit could be secured by encouraging chemistry by substantial grants. They simply were convinced that the encouragement of chemistry might be beneficial to the nation, and considered it their duty to spend a little of the money of the nation on a promising experiment, and refused to reject the legitimate demands of the scientists on the grounds that it was not the business to the State to exercise foresight, and that the initiative for all progress should be left to private enterprise.

In consequence of the enlightened policy of the German Governments, there is now a huge army of trained chemists in existence, and that army grows in number and importance from year to year. In 1900 there were more than 7000 German chemists

counted who had been trained at the Universities and Technical and High Schools. They were distributed as follows :—

German analytical chemists in Germany . .	4,300
German analytical chemists abroad	1,000
University professors, lecturers, and assistants	400
Chemists in State employment	100
Private chemists	400
Apothecaries	300
Various	750
Total	7,250

Twenty-five years ago there were only 1700 trained chemists employed in the chemical works of Germany. Their increase from 1700 to 4300 is the most eloquent testimony to the progress of the industry and to the progress of chemical investigation in Germany.

Unfortunately, no reliable statistics can be given with regard to the students of chemistry enrolled at the Universities and technical High Schools. However, it may be assumed that the number of chemical students has grown at least *pari passu* with the number of students in which we find the following truly remarkable increase :—

STUDENTS AT THE GERMAN UNIVERSITIES, THE TECHNICAL, AGRICULTURAL, AND VETERINARY HIGH SCHOOLS, AND THE MINING AND FORESTRY ACADEMIES

	Number of Students.	Proportion of Students to 10,000 male inhabitants
1870	17,761	8.89
1881	26,032	11.73
1892	33,992	13.87
1900	46,520	16.78

This progress is most remarkable, and shows the vigour

with which science is pursued and applied to industry in every direction.

In former times a chemical factory was frequently founded on some excellent receipts, the secret of which was most jealously guarded by the fortunate owner. But nowadays it is impossible to maintain a monopoly either by keeping a process secret or by the protection of patents. Chemical science has so greatly advanced that the same ultimate end may be arrived at by a great variety of processes. Consequently neither a secret process nor any number of patents will insure the continued success of a chemical factory which stands still scientifically. A chemical factory can maintain its position only if it remains, by constant research and constant improvement, in the very forefront of scientific excellence. Success can only be won and maintained by the strenuous and constant research of chemists of the highest ability, by constant progress and the introduction of improved methods. This is all the more necessary as the prices for chemicals have been falling for many years, and will apparently continue to fall.

Formerly it was possible to make industrially valuable discoveries in a somewhat haphazard fashion by individual and unconnected experiments, and the results arrived at could be utilised through several generations. But through the teaching of Liebig and his disciples a new era has begun in chemical research. Individual planless effort has made way for systematic, strictly logical, and exhaustive research of many chemists under leaders of standing; and the problem to be solved is patiently pursued in every direction by the combined forces of chemistry until the final aim is arrived at. Every success, every progress, every discovery, should become common property, and

should become the starting point for further and greater successes. In the laboratories of the German Universities and of the great chemical works thousands of highly-trained chemists co-operate thus as systematically as workmen in a factory, and the work that is dropped by one chemist who falls out on the way is carried on by another. Thus the army of German chemists have continued their advance, and the astonishing success of the German chemical industry has been brought about.

Combination is the watchword not only in the laboratories, but also in the counting-houses of the chemical factories. In no German industry is there a larger proportion of mammoth enterprises. The Badische Anilin und Sodafabrik, in Ludwigshafen, has about 7000 workmen, and the Farbenfabriken vormals Friedr. Bayer & Co., in Elberfeld, and the Farbwerke vormals Meister, Lucius & Brüning, in Höchst, each employ more than 4000 hands. Besides, each of these works constantly maintains a staff of about 150 trained chemists.

The great individual works are combined in groups for the regulation of prices in Germany and abroad. Germany abounds in trusts (Kartelle), and these combinations are proportionately particularly numerous in the chemical industry. According to an inquiry made in the beginning of 1902 there were then in Germany 220 industrial trusts, thirty of which belonged to the great chemical group. These trusts have proved a blessing to the chemical industry of Germany, but they have, by dumping, done much damage to foreign chemical industries, which they have stifled, and have thus assisted in creating the present world-monopoly of the German chemical industry.

If we review the growth and the achievements of

the German chemical industry, we cannot wonder that the American Consul, in Berlin, reported in 1900 to his Government: "The German exhibit at the Paris Exposition is conceded on all hands to have been—especially in the departments of machinery, chemicals, and all that relates to the application of science to industry—a triumphant vindication of German methods and a display which alone would establish the right of the Fatherland to a place in the front rank of industrial and commercial nations."

Of late much has been said and writ'en in Great Britain as to the advantages of education and on the application of science to industry. However, many, perhaps most, people who uphold education and the application of science to industry have only a dim idea how education and science may help our industries. British education appears to suffer from two very great evils, which are unfortunately recognised by only very few people.

In the first place our higher education is more ornamental than useful, more literary than practical, and does not fit men for the battle of life—*vide* Oxford and Cambridge.

In the second place, education is considered and treated almost solely as a means to pass an examination, not as a preparation for practical life, and tends therefore rather to exercise the retentive power, the memory, in the individual, than to strengthen his intelligence, his judgment, and his critical faculties. In other words, the influence of the crammer upon education is more noticeable than that of the practical man. Education is more for show than for use.

In the application of science to industry the crying necessity of combination seems hardly to be recognised. Every British chemist is an island. The

average work accomplished by the average British chemist is probably greater than that of his German competitor, for the Englishman puts more energy into his work, and works more quickly. Yet, though some of the greatest chemists living are Englishmen, our chemical industries are languishing owing to the lack of organised and co-ordinated effort.

Altogether it seems that the use of education and of science is not yet fully grasped by the nation. The various Governments appear to be interested only in the elementary schools, which will hardly contribute much to the scientific and industrial advancement of the nation, whilst wealthy individuals give and bequeath much money for charitable purposes, and but little for the advancement of true science. Thus science is starved to death. Amateurs and leaders of society, who frequently do not grasp the ends towards which science should be directed, have a commanding influence over the institutions where science should be taught. Truly the scientific and the industrial part of the nation can learn much from the rise of the chemical industry of Germany.

CHAPTER XII

THE FISCAL POLICY OF GERMANY

DURING the recent discussion of our fiscal policy, Germany's economic success under a protective régime has so frequently been quoted, and has so often been quoted with insufficient knowledge of the facts of the case, that it would seem worth while to look somewhat closely into the economic history of Germany, into the economic policy which she has pursued and is still pursuing, and into the economic ideas which prevail in that country. By doing so we shall be able to understand clearly the principles on which her fiscal policy is based, we shall see how economic problems similar to our own have presented themselves to another nation, and how they have been solved, and we shall thus be able to consider our own problem in the light of German experience.

The close of the Napoleonic wars left Germany devastated, impoverished, and exhausted; her commerce and her industries were destroyed. While the whole Continent had been ravaged and ruined by incessant wars and hostile invasions, British industries had flourished and prospered in internal peace. The official value of the exports of British and Irish produce had risen from £18,556,891 in 1798 to no less than £42,875,996 in 1815, or by more than 130 per cent., and our shipping had grown from 1,632,112 tons in 1798 to 2,601,276 tons in 1815, or by 60 per cent. After the Napoleonic wars the Continent re-

mained utterly exhausted for a long time; its industries were shattered, its wealth had disappeared, and during the slow progress of its recuperation Great Britain conquered the commerce and industries of the world, and the exports of her produce rapidly rose from £42,875,996 in 1815 to no less than £134,599,116 in 1845, according to official value, while our shipping increased from 2,601,276 tons in 1815 to 6,045,718 tons in 1845. The foregoing figures are taken from the old official records.

Thus it came that, towards the middle of last century, Great Britain was the merchant, manufacturer, carrier, banker, and engineer of the world, and ruled supreme in the realm of business. Two-thirds of the world's shipping flew the British flag, two-thirds of the coal produced in the world was British; Great Britain had more miles of railway than the whole Continent, and produced more cotton goods and more iron than all the countries of the world together. Her coal mines were considered inexhaustible, and the coal possessed by other nations was believed to be of such inferior quality as to be almost useless for manufacturing purposes. Great Britain had therefore practically the manufacturing monopoly of the world, and the great German economist Friedrich List wrote with perfect truth in his *Zollvereinsblatt*: "England is a world in itself, a world which is superior to the whole rest of the world in power and wealth."

Our economists and many of our merchants then thought that our economic position was so overwhelmingly strong and so unassailable, that it would be impossible for other nations either to compete with us in neutral markets or to protect their own manufactures against the invasion of our industries

by protective tariffs. They believed that Great Britain's industrial power was stronger than all tariff walls. During the reign of these intoxicating ideas of Great Britain's irresistible economic power, Cobden proclaimed that "Great Britain is, and always will be, the workshop of the world"; Great Britain threw away her fiscal weapons of defence, opened her doors wide to all nations, and introduced Free Trade.

While Great Britain was the undisputed mistress of the world's trade, industry, finance, and shipping, Germany was a poor agricultural country. She had been impoverished by her constant wars; she had neither colonies nor good coal, nor shipping, nor even a rich soil or a climate favourable to agriculture. She was divided into a number of petty States which were jealous of one another, and which hampered one another's progress. Communications in the interior were bad, and her internal trade was obstructed and undeveloped. Besides she was burdened by militarism, and she possessed but one good harbour. According to the forecast of the British free traders, Germany was predestined always to remain a poor agricultural country, exactly as Great Britain was predestined always to remain a rich industrial nation.

At that time arose in Germany Friedrich List, a writer on political economy and a convinced believer in Protection. He had travelled and seen the world, and had lived a long time in England and the United States. Consequently he spoke with greater practical knowledge on international affairs than do the majority of political economists. His principal work, "The National System of Political Economy," was published in 1840, and created some stir at the time of its appearance. Like Cobden's doctrine of Free Trade, List's system of national Protection was hailed

with enthusiasm by the business men of his country, but viewed by the German Governments with suspicion and dislike. Embittered and disappointed by the lack of official appreciation and by the persecution of the German Governments, List shot himself in 1846. After his death his system rapidly became as authoritative for German economic policy as was the system of Adam Smith for this country, and it became, and is still, the text-book of the German statesman. Consequently it will be interesting to consider some of List's more important views.

At the time when Friedrich List wrote, Great Britain was wealthy and powerful, while Germany was poor and weak. Consequently List endeavoured to show how Great Britain had become so wealthy, and how Germany might also acquire wealth by profiting from Great Britain's example. After investigating the economic history of this country and the causes of its wealth, he summed up the result of his inquiry as follows :—

"The English, by a system of restrictions, privileges, and encouragements, have succeeded in transplanting on to their native soil the wealth, the talents, and the spirit of enterprise of foreigners. This policy was pursued with greater or lesser, with speedier or more tardy, success just in proportion as the measures adopted were more or less judiciously adapted to the object in view, and applied and pursued with more or less energy and perseverance.

"It is true that for the increase in her power and in her productive capacity England is indebted not solely to her commercial restrictions, to her protective laws, and to her commercial treaties, but in a large measure also to her conquests in science and in the arts.

"How comes it that in these days one million of English operatives can perform the work of hundreds of millions? It comes from the great demand for manufactured goods which by her wise and energetic policy England has created in foreign lands, and especially in her Colonies; from the

wise and powerful protection extended to her home industries; from the great rewards which by means of her patent laws she has offered to every new discovery; and from the extraordinary facility for inland transport afforded by her public roads, canals, and railways.

"England has for a long time monopolised the inventive genius of every nation. It is no more than fair that England, now that she has attained the culminating point of her industrial growth and progress, should restore again to the nations of Continental Europe a portion of those productive forces which she originally derived from them."

From these facts List draws the logical conclusion and applies it to Germany. He says:—

"Modern Germany, lacking a system of vigorous and united commercial policy, exposed in her home markets to competition with a foreign manufacturing power in every way superior to her own, while excluded at the same time from foreign markets by arbitrary and often capricious restrictions, is very far indeed from making that progress in industry to which she is entitled by the degrees of her culture. She cannot even maintain her previously acquired position, and is made a convenience of by that very nation, until at last the German States have resolved to secure their home markets for their own industries by the adoption of a united vigorous system of commercial policy.

"We venture to assert that on the development of the German protective system depend the existence, the independence, and the future of German nationality. Only in the soil of general prosperity does the national spirit strike its roots and produce fine blossoms and rich fruits. Only from the unity of material interests does unity of purpose arise, and from both of these national power."

The position of disunited Germany in 1840 strangely resembles the position of the scattered British Empire of to-day, and if we insert in the last two paragraphs quoted the world "British Empire" for "Germany" List's words might easily be attributed to Mr. Chamberlain.

By a curious coincidence List wrote at the same

time in Germany when Cobden and his disciples preached their gospel in Great Britain, and the British free traders, who with their universal theory and their cosmopolitan views simply ignored the existence of nations, naturally did not like to see a pronouncedly national system of political economy arise that was absolutely opposed to Free Trade cosmopolitanism. Consequently List's book was vigorously attacked by Free Traders throughout Great Britain. The *Edinburgh Review* devoted, in July 1842, an article of no less than forty-two pages to that book, in which we find expressions of contempt such as "a pretended system," "his poor misconception of the doctrines which he tries to brand with the nickname of cosmopolitan economy," "his treatise is unworthy of notice," "unworthy of grave criticism," &c. The writer of that article did, however, not confine himself to abuse, but proved to his own satisfaction that, whereas England was, and ever would remain, the workshop of the world, Germany was, and ever would remain, a poor agricultural country, and that all attempts to build up industries in Germany under the shelter of Protection were misdirected and would prove of no avail. The writer says:—

"The manufactures in which our author exults are an evil to Germany. The labour and capital which that country has expended upon them have been forced from more profitable employments."

The *Edinburgh Review* sapiently concludes:—

"In Continental countries they naturally reason thus: 'England has protected her manufactures—England is rich; if we protect our manufactures we shall be as rich as she is.' They forget that England has unrivalled natural capacities for manufacturing and commercial industry, and that no country with capacities distinctly inferior can ascend to an equal prosperity by any policy whatever."

The tone of conscious superiority and the confident prediction as to England's everlasting industrial supremacy, and as to the hopeless case of the protectionist countries, which were characteristic for all our Free Traders, seem somewhat out of place in the light of subsequent events.

We have now heard the voice of the English and of the German prophet of sixty years ago. Since that time Germany has had about half a century of almost uninterrupted Protection, and Great Britain has had about half a century of almost uninterrupted Free Trade. Germany, which was then a country without experience in industry, finance, commerce, and shipping, without capital, without colonies, without good coal, with only one good harbour, a country weighed down by militarism, convulsed by three great wars and a revolution, and, according to Free Trade doctrines, kept back by Protection, has nevertheless become so wealthy and powerful that she competes with us in all markets and presses us hard even in our home market, that she has the swiftest ships on the ocean, that she is paramount in some of the most important industries, and that she can even afford to emulate Great Britain's fleet after having created for herself the strongest army in the world.

She has been able to introduce an immense scheme of workmen's insurance against accident and old age, under which German workmen have received £179,000,000 between 1885 and 1902, a scheme which, as we are told, Great Britain cannot afford; and she is calmly contemplating and preparing herself for a tariff war against this country and the United States while our free traders, who still speak of the economic paramountcy of this country, confess that they tremble at the thought that a change in our fiscal

policy might lead to friction with other countries. Our free traders who formerly so loudly spoke of the irresistible commercial and industrial power of Great Britain, have become humble indeed, and they tell us now that a slight tax on corn would create widespread misery and starvation in this country, while the German masses are able to stand a high duty not only on bread stuffs, but on all articles of food without exception. Truly the relative position of Germany and Great Britain has changed during the last half-century!

Germany's progress under Protection has been steady, continuous, and rapid. Between 1850 and 1900 Germany's production of iron has risen sixty-fold, her consumption of cotton twenty-fold, and her savings banks deposits sixty-fold. Her population has about three times the amount of savings in the savings banks which is to be found in the British savings banks. Fifty years ago the average wages of British workmen were, according to List, 18s. a week, or four times higher than the average wages of the German workman. Now German wages and British wages are almost equally high in many instances, and German wages have risen four-fold in many trades. Considering that living is much cheaper in Germany than here, the German workman is much better off than the British workman. From a poor debtor country, Germany has become a rich creditor country. Formerly she had to borrow money in foreign countries and on onerous terms; in 1897–8 German capital invested abroad was officially estimated at about £1,000,000,000, giving an average yearly yield of about £60,000,000. Such progress is more than rapid, it is marvellous for a naturally poor country; and when we compare that

rapid progress with Great Britain's vaunted progress under the reign of Free Trade the latter would perhaps be more correctly described as stagnation, if not as retrogression.

In view of Germany's triumphant economic progress, the economic policy and the economic views of Germany should be of the greatest interest to the British statesman and the British public.

Free Trade has never had much influence in Germany, and that is only natural, for Free Trade has never flourished in a struggling country. Free Trade is an excellent policy for industries of irresistible strength. When the producer feels assured that he can always easily sell his produce, he can afford to devote his whole attention to the interests of the consumer. Therefore it comes that those parts which are so greatly favoured by nature that they feel assured of a free market for their produce are always in favour of Free Trade, while struggling industrial parts are always in favour of Protection. In France the Gironde, with its matchless wines, is in favour of Free Trade, and the great Free Trader Bastiat hailed from that district. In the United States the cotton belt and the wheat districts are for Free Trade, while the industrial parts are for Protection. In Germany, where neither nature nor art had given to any industry an overwhelming power, the idea of Free Trade has never taken hold of the country or of any part of it. Jhering, the greatest German jurist of his time, expressed very happily the ideas of the leading circles in Germany on Free Trade when he wittily said: "It is a matter of course that the wolves demand freedom of action for themselves, but if the sheep raise the same demand it only proves that they are sheep." The demand for Free Trade

arose in Great Britain from the cotton industry, and List was not slow in pointing out the real cause of that demand. In his weekly paper, the *Zollvereinsblatt*, he drew attention to the fact that England was then practically the only cotton manufacturer in the world, that the British cotton industry was by far the most powerful exporting industry in the world, and that the demand of the British cotton manufacturers for Free Trade was as natural as it was for the other countries to resist that demand.

A certain number of Free Traders existed in Germany, such as Prince-Smith, Wiss, Ascher, Michaelis, Wirth, Hübner, Soetbeer, Braun, Bamberger, Böhmert, Emminghaus, Lammers, Meyer, Eras, Wolff, and others. These men were mostly professors, journalists, and authors, and were therefore never considered in their country as the spokesmen of the productive industries. It is interesting to note that the chief representative of Free Trade and the man who introduced Free Trade into Germany was Prince-Smith, an Englishman, and by profession an author. In merchant and banking circles, especially in Hamburg, Free Trade found naturally more support, for the purely distributive business of the merchant and the banker is greatly hampered by irksome and often vexatious customs regulations. Besides it is immaterial to merchants and bankers whether they trade in foreign goods and bills or in domestic ones, and unless patriotism is stronger than business instinct these two classes always incline to Free Trade. In consideration of these circumstances their pleadings were ignored, and the German Government made up its mind to look chiefly after the interests of the productive industries, which were considered to be the only basis of a nation's wealth.

Bismarck, when referring in the Reichstag to the German Free Traders, significantly said: "They do not sow, neither do they spin—nevertheless they are clothed and fed"; and he delighted in describing them as people who pore all day long in their study over books and papers, and who are perfectly unacquainted with practical life. His practical mind observed that the men who in later years directed the commercial policy of Great Britain were clergymen, like Adam Smith, Malthus, and John Stuart Mill, that Ricardo was a stockbroker, that Cobden went bankrupt, that Bright was a cotton manufacturer, and therefore personally interested in the establishment of Free Trade, and that Villiers was a lawyer. In private conversation his derision of these men knew no bounds. Nevertheless his standing instructions were that his unflattering remarks on these men and on "Professor" Gladstone should not get into the papers.

According to Bismarck's opinion Free Trade in England was a most excellent thing—for Germany—and he did not like to see that happy state of affairs altered. Therefore he wished neither to see the Free Traders of Great Britain, whose rule was such a blessing to his country, attacked by the German press nor Great Britain's belief in the panacea of Free Trade shaken. Nevertheless when the German Free Traders became too loud in their praise of British Free Trade, of which they had no practical knowledge, he had a pamphlet written on the Cobden Club by Lothar Bucher, his confidential assistant, in which he declared, "The Manchester Free Trade agitation is the most colossal and the most audacious campaign of political and economic deception which the world has ever seen."

While some of the minor political economists of Germany were Free Traders, Wilhelm Roscher, Germany's greatest political economist, considered Free Trade as an impracticable and unattainable ideal. He said with regard to Free Trade :—

"When the feeling that all mankind constitutes one family has abolished all political boundaries, and when universal righteousness and love have killed all national ambitions and jealousies, differences between nations will become of rare occurrence. However, arguments presupposing such a state of affairs are not admissible before it has been clearly proved that such ideal conditions exist. It is so improbable that such an ideal state will ever be created, and universal 'philanthropy' is something so suspicious, the people are so unable to develop except when they constitute a nation, that I should look at the disappearance of national jealousies with concern. Nothing contributed more to the subjection of Greece by Macedon and Rome than the cosmopolitanism of Greek philosophers."

Professor von Treitschke, the eminent historian, condemned Free Trade from the historian's point of view. He wrote in his "Politik" :—

"We have found it to be an erroneous idea that Protection is only necessary for young industries. Old industries, too, require protection against foreign competition. In this respect ancient Italy teaches us a terrible lesson. If protective tariffs against Asiatic and African bread stuffs had been introduced in time, the old Italian peasantry would have been preserved and the social conditions of Italy would have remained healthy. But Roman traders could import cheap grain from Africa without hindrance, the rural industries decayed, the rural population disappeared, and the Campagna, which surrounds the capital, became a vast desert."

Professor Mommsen expresses the same view in his "Römische Geschichte."

One of the youngest political economists, Mr. Victor Leo, a rising man who has represented the

German Government on more than one occasion, says in "The Tendencies of the World's Commerce":—

"Protective tariffs must continue, and a moderate increase of them cannot be considered as a misfortune. In practice it is not possible simply to drop entire industries because similar industries can produce more cheaply somewhere else. From the point of view of the *world* economist it is correct to insist on a division of labour which gives to every nation those industries for which it is most adapted; from the point of view of the *national* economist the disadvantages resulting from such a policy would be greater than the advantage to the consumer of being able to buy the article in question at a cheaper price."

The belief that Free Trade presupposes a universal brotherhood among the nations, and is therefore impracticable, is general in Germany. Therefore it comes that we read in the article "Free Trade" in "Brockhaus's Encyclopedia," which faithfully reflects the mind of the nation:—

"As long as mankind is divided into autonomous States possessing individual institutions, no State must expose itself to the danger, which is not only an economic but also a political and social danger, that home production should lose its independence by over-powerful foreign competition. . . . A weaker State, if it wishes to preserve an independent existence, is absolutely justified in safeguarding its imperfect means of production against foreign competition by Protection."

In spite of the almost universal opposition to Free Trade we find that Protection has not been elevated to a dogma in Germany, as Free Trade has been in this country. Protection is considered merely as a policy in Germany, which is well adapted to the requirements of the present time, but which, like every policy, is subject to revision and reconsideration in altered circumstances. Professor Schmoller, the

distinguished lecturer at the Berlin University, says :—

"Protection and Free Trade are for me not principles, but remedies for the political and economic organism which are prescribed according to the state of the nation. A doctor who would say that he prescribed on principle to every patient *restringentia* or *laxantia* would be considered insane. However, that is the idea both of the extreme Free Trader and of the extreme Protectionist."

Professor Biermer wrote, using a similar metaphor :—

"Protection and Free Trade, rightly considered, are not questions of principle, but only remedies of political and economic therapeutics which, according to the state of the patient, have to be prescribed sometimes in big and sometimes in small doses."

Professor Roscher believed strongly in Protection and in customs unions. He wrote :—

"The greater the extent of a territory protected by tariffs, the sooner will active competition spring up within its frontiers. Foreign markets are always uncertain. Hence all customs unions between related States are to be recommended, not only as financially, but also as economically advantageous."

The uncertainty of foreign markets and the danger to a nation which has become dependent for its very existence on foreign markets and on foreign goodwill have become a matter of the greatest concern to the statesmen and political economists of Germany. Therefore we find in that country a feverish anxiety in political circles to acquire colonial possessions and to found a Central European Customs Union, while the political economists loudly warn the country against a state of affairs in which Germany may become economically dependent on foreign nations and in which the prosperity and the very life of the

country may be made the sport of its enemies. Professor Oldenberg, comparing economic Germany to a huge building, said :—

"When our home industries work for exportation and live on foreign countries by exchanging their produce for foreign food, the huge industrial structure of Germany branches sideways into the air and is made to rest on pillars of trade which are erected on foreign ground. But those pillars, which support our very existence, will remain standing only for so long as it pleases the owner of the ground. Some day, when he wishes to use his own land, he cuts off the pillars of our existence from under us and thus breaks down the building which we have reared on them."

Another economist, Mr. Paul Voigt, shares the misgivings of Professor Oldenberg. He writes :—

"The loss of our export trade would bring starvation to the masses of German workers, and compel them to emigrate and to beg before the doors of foreign nations for work and for food. The collapse of our export trade would be the most terrible catastrophe in German history and would rank with the Thirty Years' War as a calamity. It would wipe out the German nation from the great nations of the world and might end its political existence."

The latter views have been expressed but a few years ago.

The cotton famine in Lancashire, the constantly growing dependence of Great Britain on foreign food and raw material, the numerous "corners" in grain and cotton under which our country has suffered so much owing to the conspiracies of foreign monopolists, and the certainty that the other nations would corner our supplies at the outbreak of a great war in which we might be engaged, and that the British masses would then be starving, have made a deep and lasting impression in Germany. Therefore Germany wishes to act with foresight, and tries to take her precautions in time.

Before 1879 there was a period of moderate Free Trade in Germany, and German industries were acutely suffering for years. At last Bismarck intervened, and inaugurated in that year a strongly protective policy, and since then Germany's prosperity has grown by leaps and bounds. Up to the early eighties Germany was only known as the provider of inferior goods, which were usually clumsy imitations of English goods. The "Made in Germany" stamp was enforced largely, in order to check that abuse. But since that time Germany has conquered the markets of the world with products of the highest excellence, and every English newspaper-reader has become familiarised with German liners, Krupp armour, Siemens steel, Mauser rifles, Zeiss field-glasses, and German electrical and chemical products of the highest class, which have supplanted British products.

There have always been many Free Traders in the German Reichstag, as that assembly is largely composed of professional men and of men belonging to the leisured class who are consumers, not producers, who can easily understand the "consumers' argument," but who are out of touch with the producers of their country. Consequently, Bismarck's proposal for Protection met with considerable opposition from the parliamentarians and from the bankers and merchants. Agriculture and the manufacturing industries enthusiastically supported him. It must be interesting for Englishmen of all classes to follow Bismarck's arguments in favour of Protection. In his speech of the 2nd of May 1879, in which he introduced his protective policy, he said :—

"I do not mean to discuss Protection and Free Trade in the abstract. . . . We have opened wide the doors of our State to the imports of foreign countries, and we have become

the dumping-ground for the over-production of all those countries. Germany being swamped by the surplus production of foreign nations, prices have been depressed, and the development of all our industries and our entire economic position has suffered in consequence. If the danger of Protection were as great as we are told by enthusiastic free traders, France would have been impoverished long ago, for she has had Protection since the time of Colbert, and she should have been ruined long ago, owing to the theories which have guided her economic policy.

"After my opinion, we are slowly bleeding to death owing to insufficient Protection. This process has been arrested for a time by the five milliards which we have received from France after the war; otherwise we should have been compelled already five years ago to take those steps which we are taking to-day.

"We demand a moderate Protection for German labour. Let us close our doors and erect some barriers in order to reserve to German industries at least the home market, in which German good nature is at present being exploited by the foreigner. The problem of a large export trade is always an extremely delicate one. No more new countries will be discovered; the world has been circumnavigated, and we can no longer find abroad new purchasers of importance to whom we can send our goods.

"In questions such as these I view scientific theories with the same doubt with which I regard the theories applied to other organic formations. Medical science, as contrasted with anatomy, has made little progress with regard to those parts which the eye cannot reach, and to-day the riddle of organic changes in the human body is as great as it was formerly. With regard to the organism of the State, it is the same thing. The dicta of abstract science do not influence me in the slightest. I base my opinion on the practical experience of the time in which we are living. I see that those countries which possess Protection are prospering, and that those countries which possess Free Trade are decaying. Mighty England, that powerful athlete, stepped out into the open market after she had strengthened her sinews, and said, Who will fight me? I am prepared to meet everybody. But England herself is slowly returning to Protection, and in some years she will take it up in order to save for herself at least the home market."

On the 14th of June 1882, Bismarck made again an important speech on Protection and Free Trade and said :—

"I believe the whole theory of Free Trade to be wrong. . . . England has abolished Protection after she had benefited by it to the fullest extent. That country used to have the strongest protective tariffs until it had become so powerful under their protection that it could step out of those barriers like a gigantic athlete and challenge the world. Free Trade is the weapon of the strongest nation, and England has become the strongest nation owing to her capital, her iron, her coal, and her harbours, and owing to her favourable geographical position. Nevertheless she protected herself against foreign competition with exorbitant protective tariffs until her industries have become so powerful."

It is interesting to observe that Bismarck predicted already twenty-six years ago that Great Britain would have to go back to Protection, "in order to secure for herself *at least the home market*," and that the demands for Protection which were advanced by List in 1840, and by Bismarck in 1879, were based on the same arguments as those on which Mr. Chamberlain based his demand for the reconsideration of our fiscal policy. German good nature was shut out of foreign markets by the arbitrary tariffs of foreign nations, which besides exploited, swamped, and spoiled her home market with their surplus production. It was necessary that she at least should reserve the home market for herself and create for herself a weapon which would make it possible for her to conclude advantageous commercial treaties.

The usual objections to protection were naturally raised by German Free Traders when Bismarck reintroduced Protection, and it was predicted in non-industrial circles that Protection would mean disaster

to German industries and especially to the German export trade. The industrial classes, which clamoured for Protection, were loftily declared to be so short-sighted as to favour a suicidal policy. Protection would benefit only a few capitalists at the cost of the whole people, and it would ruin Germany by customs wars with other nations. These objections were very effectively dealt with by the German political economists who favoured Protection. Professor Schmoller, for instance, said in 1879, in reply to the objection that commerce and exportation would suffer by a protective tariff :—

"Exports will certainly suffer in one or the other branch, but that is a point of minor consideration. At present the conditions of our export business are so bad that they can hardly become worse. Our export trade can only become better if we have commercial treaties and an autonomous tariff."

Arguments like that of Professor Schmoller caused the Society for Social Policy in Berlin to adopt the following resolution in favour of Protection :—

"Considering that our endeavours to conclude commercial treaties, which will open new markets to German industries, must prove unsuccessful in view of the present position of the world, and

"Considering that it will be necessary to increase some important duties in order to place the finances of the Empire on a firm basis,

"The Society for Social Policy declares itself in favour of a moderate fiscal reform in a commercio-political and protectionist direction by a tariff which is especially directed against those countries which are particularly harmful to German production."

This resolution might have come from the mouth of Mr. Chamberlain.

The protective duties which, according to the

German Free Traders, were to prove so ruinous to Germany have, as yet, not crushed the German industries. Though the receipts from customs duties have almost quintupled since 1879, having risen from 114,716,000 marks in 1879 to no less than 510,869,000 marks in 1904, the German industries have not only not been crushed by the tariff, but are most prosperous. This is particularly noticeable in Saxony, the Lancashire of Germany, the income of that country having risen from 959,222,000 marks in 1879 to 1,666,521,000 marks in 1894, and to 2,214,070,000 marks in 1900. Therefore it appears that the income of the German Lancashire has considerably more than doubled since Protection was reintroduced into Germany, and by now it should have fully trebled. It is also significant that Saxony, with 4,500,000 inhabitants, has more than £50,000,000 deposited in its savings bank—as much as have 10,000,000 Englishmen. Evidently Free Trade has not brought ruin to the Lancashire of Germany.

The beneficial effect of the protective tariff on German industries was immediate. On the 16th of March 1881, Mr. von Kardorff stated in the German Diet that 85,901 men were occupied in the German iron and steel industries in January 1879, and 98,224 men in January 1881. They received in wages 5,288,539 marks in 1879, against 6,459,694 marks in January 1881, which is equal to an increase of 50.28 marks per annum for every worker. Mr. Loewe, another member of the Diet, reported on the same date that in the important districts of Bochum and Dortmund wages had risen from five to fifteen per cent., but not only had wages risen but the men who some years ago had been only partly occupied were now fully occupied. Some had formerly been

working only three or four days a week. Other deputies gave similar reports. This rising tendency of wages has almost uninterruptedly continued from 1879, when Bismarck's protective tariff was inaugurated, down to the present time. The average daily wages at Krupp's, for instance, have risen from 3s. in 1879 to 4s. 9½d. in 1900.

At present the German Government is again increasing its protective duties. Again we hear the non-industrial croakers predicting the ruin of the German industries, and again we see the manufacturers supporting Protection. The German Government is putting up its duties not because the present Protection has proved disappointing. On the contrary, it has explicitly enumerated the great benefits which Protection has conferred upon Germany. In the preamble to the new Tariff Bill, Government has summed up the results of the protective policy hitherto pursued. It says :—

"Strengthened by Protection our industries have been able to increase considerably their production, and have thereby afforded fuller employment and rising wages to the working classes. With the larger turnover the traffic on our railways, rivers, and canals has grown, and our merchant marine has experienced a considerable and constantly increasing expansion, and its freight services for foreign countries have been a source of great profit to Germany. At the same time the participation of German capital in foreign enterprises has increased. Emigration has very substantially diminished. The effect of the growing wealth of the nation may be seen by the visible progress in the conditions and in the life of the broad masses of the people, especially of the working men. The improvement in the standard of life may be seen in the larger proportion of taxpayers who pay taxes on intermediate incomes; from the improved yield of the income tax; from the growth of savings banks deposits; from the expansion of life insurances, and from the rising consumption of the more expensive articles of food. This

improvement is especially striking, as a considerably increased population has had to be provided for, the inhabitants having increased from 45,000,000 in 1880 to 56,000,000 in 1900."

The vast increase in the wealth of Germany has chiefly been derived from the home market, which is no longer swamped and depressed by foreign surplus products, and which has become extremely stable and profitable. The semi-official year-book "Nauticus" says in 1900, in an article on the foundations of the industrial prosperity in Germany:—

"To sum up: during the last two decades the industrial production of Germany has experienced an extraordinary increase. That increase has been caused less by the greater amount of our exports than by the growing importance of the home markets—that is to say, by the growing wealth of the German people."

How rapidly the wealth of Germany has grown and how wealthy Germany has become is so well known that it requires no further proof.

People in this country who are insufficiently acquainted with German affairs may often be heard speaking somewhat vaguely of the great evils of Protection in Germany, and they will repeat, what they have so often read in text-books on political economy, that those iniquitous trusts only flourish under the shelter of Protection. Now it is quite true that a large number of very powerful trusts exist in Germany, which are called "Kartelle" in that country, but nobody intimately acquainted with Germany will be prepared to condemn indiscriminately those 200 large combinations, the majority of which are distinctly beneficial and are kept under proper control, because some of them may have abused their power. The doctrine that trusts flourish only under Protection,

which doctrine has been invented by Free Traders, is considered a fallacy in Germany, and it is pointed out that the most powerful and the most harmful trusts in the world exist and flourish in the paradise of Free Trade and of free competition, in Great Britain. The traffic arrangements between British railways and the "Shipping Conferences," which have abolished nearly all competition, are considered in Germany as gigantic trusts, which are trusts in everything but in name, which exercise not only a tyranny over the people of this country, but which directly favour foreign nations at the expense of Great Britain by carrying their goods more cheaply than British goods, and which have therefore been the cause of ruin for many British industries and especially for British agriculture.

The German Government observes the development of huge trusts in Germany not only with a benevolent interest, but lends them its active assistance and encourages their formation, from which it may be seen that their activity is not considered an evil by the German Government. The German Government adopts this attitude chiefly because the activity of the German trusts outside Germany largely consists in undermining and ruining foreign industries by swamping them with surplus products which are sold below cost price and in thus ridding German industries of dangerous competitors. The way in which the German Sugar Trust has created a huge industry in Germany, and has ruined and killed the formerly so prosperous West Indian sugar industry by flooding England with cheap sugar, is the best known example of that policy. Many similar but less well known instances of the activity of these trusts might be quoted. Their oppression of the

consumer, of which we hear so often, seems chiefly to exist in the imagination of British Free Trade doctrinaires, for in Germany few complaints are heard with regard to these combinations.

We have now followed Germany's economic history for the last sixty years, and we have seen how Germany has prospered and developed, how correct have been the economic views of German political economists, and how eminently successful her statesmen have been in their fiscal policy. Consequently, it would seem interesting to hear what those men think of the economic position of Great Britain. Mr. Victor Leo wrote in "The Tendencies of the World's Commerce" with regard to Great Britain :—

"The constantly growing excess of imports over exports, which has now risen to £150,000,000 per annum, is difficult to provide for even for a creditor country like Great Britain without entrenching on her capital."

Mr. Paul Voigt said in "Germany and the World Market" :—

"British exports have developed far less favourably than German exports. British exportation has become completely stagnant since the seventies, fluctuating between £210,000,000 and £250,000,000, and being therefore now very little larger than German exports. In Great Britain the export industry *par excellence*, the textile industry, is in a particularly unfavourable condition. The adverse balance of British trade has grown continually from less than £50,000,000 in the sixties to more than £150,000,000 at the present time."

These two statements are characteristic for the very serious view which is generally taken in Germany with regard to our economic position, and in the best-informed German circles it is often asserted that Great Britain has for a long time been living on her capital. German statesmen and financiers find a

confirmation of this view in the low price of British Consols and of all British investment stocks; in the fact that Great Britain used to possess huge quantities of Continental Government loans and other Continental investments, and of American railway stocks and bonds, and that she now holds hardly any of them; that American and Continental trade used to be financed, and American and Continental property be mortgaged, in London, and that the trade of the world is no longer financed by this country. From these, and many other symptoms of similar portent, German observers conclude that Great Britain has paid for the huge excess of her imports over her exports by realising a large part of her foreign investments, in real estate, stock exchange securities, &c., that the capital of Great Britain is constantly being drained away by foreign countries, and that this process cannot go on indefinitely.

Bismarck said in 1882: "Free Trade is the weapon of the strongest." This argument appears to be irrefutable by logic and in the light of history. Great Britain is economically no longer the strongest among the nations of the world, but is, in proportion to other nations, rapidly getting poorer, and this fact alone should be of sufficient importance to make us consider our position and reconsider our fiscal policy.

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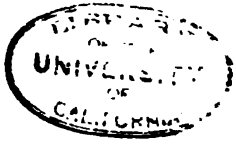

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